**OUTLINE**

**Topic: Capital budgeting Assignment.**

Thesis statement: According to the investors and analysts, the cost of capital can also be the weighted average of a company’s cost of debt and cost of equity.

1. Introduction

* Capital budgeting can be the process by which a company decides which proposed fixed asset purchases it should accept and which should be rejected or declined. The process is used to create a quantitative view of each proposed fixed asset investment hence giving a rational basis for making the judgment. Cost of capital is the necessary return to capital budgeting, such as a new factory.

1. First Question: Credit Rating
2. Second Question: The cost of equity

* Weighted average cost of capital

1. Conclusion

* Capital budgeting is an important tool in business, and one of its benefits is that capital budgeting can easily use it in larger investments. The cost of capital can also be the opportunity cost of investing in a business. Apple Inc generates more or higher returns on investment than it costs the company o raise the capital needed for that investment (Leoni, 2021)

1. References