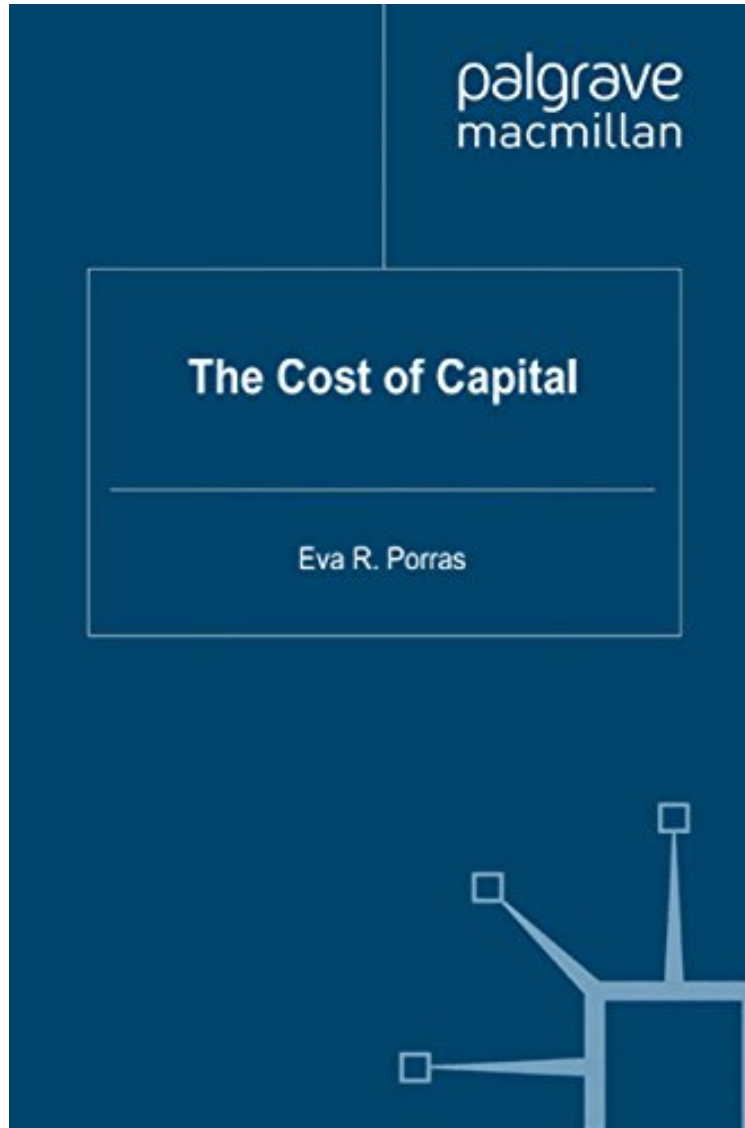



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The Cost of Capital

E. Porras

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E. Porras : The Cost of Capital before purchasing it in order to gage whether or not it would be worth my time, and all praised The Cost of Capital:

0 of 0 people found the following review helpful. Great readingBy Mark OdescalchiThe Cost of Capitalby Dr Eva R. PorrasIn "The Cost of Capital" Eva Porras commences with an introduction on the principles of investment, then covers approaches to measuring the cost of capital and analyses the problems encountered by the different methodologies for modelling the cost of capital. Dr Porras broadens the scope of the book by including an analysis of country risk and concludes with an examination of the optimal capital structure.A book with such a title might be considered specialist to be best left for technical experts. However, by approaching the subject in a fluent and

engaging style explaining sometimes complex issues with ease and clarity Eva Porras has made this book accessible to a wider audience. It can be used profitably by not only finance directors and business school students but by investors and businessmen in general. For instance the introductory chapter on the principles of investment provides as lucid a framework for the approach to investment as this reviewer has read in over 30 years of banking and investing. The publication of "The Cost of Capital" is timely. By providing a clear framework for the analysis of risk Dr Porras has written a handbook which can be applied even in such uncertain times. In a more stable environment the risk free rate might be considered a sovereign bill or bond. How many countries in the Eurozone of today might be considered to have risk free bonds? Eva Porras does not attempt to answer this question directly but she provides the framework for a logical approach to resolving the problem. 1 of 1 people found the following review helpful. Good Text But Nothing Groundbreaking By C. Ang Porras' Cost of Capital will certainly add to the knowledge of novices in the field of finance, especially those who have taken valuation courses and are interested in knowing more advanced issues in estimating the cost of capital. Topics that I believe are beneficial include dealing with firms in regulated industries and country risk premiums. However, this book does not cover all the major topics in estimating the cost of capital. Most notably, an adequate discussion of the size premium is missing. In addition, I would have liked to see more data.

The relationship between risk, return and the cost of capital is contextualized by relating it to the needs of investors and borrowers, the historical evidence, and theories of choice and behavior. The text spans financial theory, its empirical tests and applications to real-world financial problems while keeping an entertaining easy-to-read style.

About the Author EVA R. PORRAS was Academic Dean of the Central European University Business School in Budapest, Hungary, and previously Director of Master Programs in Finance at the Instituto de Empresa in Madrid, Spain. With over two decades of working in the video, consulting, and transportation industries, she combines education and practical background to provide an applied cross-industry and international edge to the subject of cost of capital.