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Risk Disclosure and Cost of Capital
A Case of a Sri Lankan Manufacturing Company

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The purpose of this research is to identify and examine the practice of financial decision on equity capital and debt capital in a cash cow manufacturing company. One of cash cow company selected for the analysis with the consideration of last five years data. The behavior of the equity capital and the debt capital is mainly elevated by the research. Results explain that the weight of equity has been going up and the proportion of debt capital has been reduced. Cash cow manufacturing company maintains policy of concerning with equity capital. Therefore the cash cow companies loss tax benefit which can arise from debt capital.

Keywords: Risk disclosure, Capital Asset Pricing Model (CAPM), Risk free rate (Rf), Weighted Average Cost of Capital (WACC)

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