Bond yield questions

1. Calculate the post tax (25%) yield to maturity of the following bond:

* Market price 65.75
* Par £100
* Coupon 9%
* Redemption at par 10 years

If this is redeemed at market price then what would the cost of debt be?

1. A bank loan is 9% interest. What is the cost of debt to the company?
2. What is the cost of debt of an irredeemable bond that has a coupon of 4%, a par value of £100 and a market price of £110?
3. Complete the following:

As interest rates increase, bond prices \_\_\_\_\_\_\_\_\_\_. As interest rates decrease, bond prices \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_