

1. Market Value

	Quantity	Price	MV
Ordinary shares	30m	£5	£150m
Preference shares	40m		£13.6m
4% coupon Bonds	50m/£100	£0.34	£45.5m
zero coupon Bonds	24m/£100	£85	£20.4m

2.

	MV £	cost %	cost £	£229.5m
Ordinary shares	£150m	15.2%	22.80	
Preference shares	£13.6m	12.5%	1.70	
4% coupon bonds	£45.5m	4.5%	2.05	
zero coupon bonds	£20.4m	4%	0.82	
	<u>£229.5m</u>		<u>£27.37</u>	

3.
$$WACC = \frac{27.37}{229.5} \times 100 = 11.93 \% \text{ approx.}$$