Debt and Equity Financing - Python Exercise

# Question:

Calculate the total market value of the company's financing by combining debt and equity, and compute the proportions of debt and equity financing.

# Question Explanation (20 words):

We need to calculate total financing and determine the percentage split between debt and equity using their respective market values.

# Answer (Code):

# Set the market value of debt  
mval\_debt = 1000000  
  
# Set the market value of equity  
mval\_equity = 1000000  
  
# Compute the total market value of your company's financing  
mval\_total = mval\_debt + mval\_equity  
  
# Compute the proportion of your company's financing via debt  
percent\_debt = mval\_debt / mval\_total  
print("Debt Financing: " + str(round(100 \* percent\_debt, 2)) + "%")  
  
# Compute the proportion of your company's financing via equity  
percent\_equity = mval\_equity / mval\_total  
print("Equity Financing: " + str(round(100 \* percent\_equity, 2)) + "%")

# Answer Explanation (20 words):

We add debt and equity to find total financing, then divide each by total to compute their percentage proportions.

