

Q 2 ⇒ (a) what is break even chart? what are assumptions of Break even Charts?

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Break-even analysis is a technique widely used by production management and management accountants. It is based on categorising production costs between those which are "variable" (costs that change when the production ~~output~~ output changes) and those that are "Fixed" (costs not directly related to the volume of production).

level of sales volume, sales value or production at which the business makes neither a profit nor a loss (The "break-even point").

The Break even chart:-

In its simplest form, the break even chart is a graphical representation of costs at various levels of activity shown on the same chart as the variation of income (or sales, revenue) with the same variation in activity.

(B) write the short note on  
Planning of Capital Structure

⇒ Definition:- capital structure refers to an arrangement of the different components of business funds, i.e. share holder's Fund and borrowed Fund in proper proportion. A business organization utilizing the Funds for meeting the everyday ~~expenses~~ expenses and also for budgeting high end Future projects.

Computation of capital structure involves a lot of analytical thinking and strategical approach.

The calculation consists of different ratios and formulae like the cost of capital, debt to

equity ratio, cost of equity, etc

Content :- Capital Structure :-

- 1) Components
- 2) Factors
- 3) Importance
- 4) Planning
- 5) Recapitalization