

## Section - 3

Q. <sup>Q. 15</sup> What is finance function? Discuss the objective of financial management? Discuss the various factors affecting the capital structure.

Ans → finance function:- Finance may be defined as the position of money at the time it is wanted.

Scope of financial management

Traditional school of thought

Modern school of thought

Factors affecting the capital structure

- ① Financial leverage
- ② Operating leverage
- ③ EBIT/ EPS analysis
- ④ Cost of capital
- ⑤ Growth and stability of sales
- ⑥ Flexibility
- ⑦ Marketability