

We accepted hypothesis 3 that profitability is statistically significant variable of the model.

5. Conclusion

One of the key areas of financial management of business is deciding on the composition of its resources. Capital structure is essential for successful development of business as it provides for its healthy financial development, overall prosperity and it also decides on its further existence. In other words, the importance of capital structure is determined by its effect on financial risk, profitability and future financial disposition of the business. In addition, suitable adjustment of capital structure is a way to maximize market value of respective business. This means that every business should pay sufficient attention as regards the issues pertaining to capital structure.

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