

as the amount of debt increases capital decreases there are false give reasons?

→ The statement as the amount of debt increased capital decreases is false here why

Reasons:-

→ debt & equity are different part of the firm's capital but adds obligation to repay the borrowed amount with interest.

→ Leverage and risk

while debt can be used to fund operations, it increases business risk to the extent of cash flow is tight.

→ raising more debt doesn't capital.
change more the amount equity.
capital some cases excessive
finance account the such and
flow risky affecting to
expenditures -

→ so increases debt don't
improve capital but can
negatively impact a
health if not managed

Balance the company and