

प्रोफाइल फोटो

Which one among is not the key function performed by the Federal reserve system?

Answer choices:

- a. Development of the community and promoting consumer protection
- b. Regulation and supervision of financial institutions.
- c. Regulation of Securities and Exchange Commission (SEC).
- d. Watching over payment and settlement system efficiency and safety.

The Federal Reserve System (Fed) is the central bank of the United States. It is responsible for conducting the nation's monetary policy, promoting the stability of the financial system, and supervising and regulating financial institutions.

The Fed does not regulate the Securities and Exchange Commission (SEC). The SEC is an independent agency of the federal government that is responsible for protecting investors and maintaining fair, orderly, and efficient securities markets.

Therefore, the answer is (c).

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Company PQ wants to invest in a project having an average investment of \$420,000. The average net profit amounts to \$115,000.

Calculate the accounting rate of return for the project.

(a) The accounting rate of return is 25%. (b) The accounting rate of return is 27%. (c) The accounting rate of return is 35%. (d) The accounting rate of return is 15%.

The accounting rate of return (ARR) is a financial ratio used in capital budgeting to measure the profitability of an investment. It is calculated by dividing the average net profit of an investment by its average investment.

The ARR is calculated as follows:

$$\text{ARR} = (\text{Average net profit} / \text{Average investment}) * 100$$

In this case, the average net profit is \$115,000 and the average investment is \$420,000.

Therefore, the accounting rate of return for the project is:

$$\text{ARR} = (\$115,000 / \$420,000) * 100$$

$$\text{ARR} = 27.38\%$$

Therefore, the answer is (b) The accounting rate of return is 27%.