

1 Exam Prep
NASCLA Contractor's Guide to Business, Law,
and Project Management, Florida 1st Edition
Practice Test 1

1. FOB freight prepaid requires _____ to pay for shipping charges.
 - A. Contractor
 - B. Buyer
 - C. Seller
 - D. Subcontractor

2. Which of the following is not a member of the supervisory?
 - A. Foreman
 - B. materials expediter
 - C. Owner's representative
 - D. Project manager

3. _____ scheduling consists of dates, delivery dates, payment schedule and vacations. It is a simplified method.
 - A. Calendar
 - B. Bar chart
 - C. Gantt

4. When working in dwelling that was built prior to 1978, the employer is to provide each occupant with a pamphlet _____titled.
 - A. Protect your family from lead in your home
 - B. Protect your loved ones from lead in your home
 - C. Protect your family and your friends from lead in your home
 - D. Pamphlets are not required

5. Who pays into a worker's unemployment compensation?
 - A. Property owner
 - B. Building contractor
 - C. Employer
 - D. Employee

6. A lump sum contract on a project has a total contact price of \$260,000. Retainage has been held back at 10%. The contractor has received progress payments for 75% of the project. The contractor submits a request for final payment should be for?

- A. More than \$80,000
- B. Less than \$50,000
- C. Between \$50,001 and \$60,000
- D. Between \$60,001 and \$70,000

7. Which of the flowing is not a key characteristic of a sole proprietorship?

- A. termination at death of the owner
- B. Business expenses and personal income are not separated
- C. Taxed as ordinary income
- D. Must bear all responsibility

8. What is the quick ratio (or acid test ratio) for a company that has current assets of \$28,000, inventory of \$4,000, and current liabilities of \$6,000?

- A. 4/1
- B. 1/4
- C. 7/1
- D. 1/7

9. An EAP is required to be in writing for _____employees or more.

- A. 2
- B. 8
- C. 10
- D. 11

10. Who pays into FUTA?

- A. Property owner
- B. Building contractor
- C. Employer
- D. Employee

11. What is the purpose of just-in-time deliveries?

- A. Profit low and vandalism high
- B. Profit low and vandalism
- C. Profit high and vandalism high
- D. Profit high and vandalism

12. Ethics has to do with all but which of the following?

- A. Showing up to the job on time
- B. Do what you say you are going to do
- C. Doing the right thing
- D. Lying to the customer

13. Which of the following is not a reward for owning an entrepreneurship?

- A. Flexibility of time
- B. making decisions
- C. Being your own boss
- D. managing cash flow

14. Which of the following is not covered under the ADA?

- A. AIDS
- B. Drug addition
- C. Alcohol addiction
- D. Paper cut

15. A job is estimated to cost \$1 million. However, two companies have a cap of \$500,000. They can legally do this job if they _____.

- A. Dissolve
- B. Become venture capitalist
- C. Joint venture
- D. It is an illegal activity

16. The standard markup in the construction industry is?

- A. 10%
- B. 15%
- C. 18%
- D. 11%

17. Which is not an advantage of a partnership?

- A. Formation is easily done
- B. Multiple decision makers
- C. Direct profit rewards
- D. Larger management base

18. _____ prohibits firing due to taking of property.

- A. Wage Garnishment Law
- B. Service contract act
- C. Walsh-Healy Act
- D. Davis-Bacon Act

19. The maximum number of shareholders permitted within an S corporation is?

- A. 25
- B. 55
- C. 70
- D. 100

20. An employee is generally subject to business instructions about all except which of the following?

- A. When
- B. Where
- C. How
- D. Right to control

21. Delegating provides for all but the following?

- A. Concentrate strategically
- B. Developing employees
- C. I can do it all
- D. Accomplish tasks

22. The most important aspect of a contract is _____.

- A. Signature
- B. Consideration
- C. Date
- D. Understanding

23. A _____ is used when an owner contracts with one company to complete the construction process from the start to finish and purchase land.

- A. Single prime
- B. Design/build
- C. Turnkey
- D. Fast-track

24. If the contract is ambiguous, the interpretation will go against whom?

- A. The party who accepted the contract
- B. The party who wrote the contract
- C. The owner
- D. The contractor

25. Who determines progress/final payments?

- A. Architect
- B. Inspector
- C. Lawyer
- D. Accountant

26. The construction industry Payment protection Act of 1999 states _____.

- A. Payment bond protections are void before work begins
- B. payment bond protections are permitted before work begin
- C. The payment bond can be less that a performance bond
- D. Subcontractors are not required to notify contractors with an intent to sue

27. What is the total project overhead for a project that last 4 months and has the following costs? Labor is \$5,000; materials are \$10,000; equipment rentals are \$2,000; superintendent's annual salary is \$40,000; office rent is \$500 per month; and office utilities are \$400 per month.

- A. Between \$12,000 and \$16,000
- B. Less than \$12,000
- C. Between \$16, 000 and \$20,000
- D. More than \$20,000

28. Exempt Forms W-4 expire on_____.

- A. February 15
- B. February 16
- C. April 30
- D. December 1

29. Which of the following enterprises are double taxed?

- A. 1 Exam Prep, Inc
- B. ABC Construction, DBA
- C. Construction Done Right, LLC
- D. XYZ Contractor, LP

30. Which of the following is not considered as an acceptance to a contract?

- A. Signature
- B. Consideration
- C. Date
- D. Counter offer

31. A _____ is a special business arrangement that that exists when two or more companies join to undertake a specific project.

- A. Joint venture
- B. C corporation
- C. LLC
- D. GP

32. The Family and Medical Leave Act does not allow for which of the following?

- A. Maintenance of group health insurance
- B. 12 weeks unpaid
- C. Adopt a child
- D. Care for first cousin

33. To determine how much to withhold in taxes from an employee, the employer is to use the employee's _____.

- A. W-2
- B. W-3
- C. W-4
- D. W-5

34. A contractor pays a workers' compensation rate of \$0.10 per \$100 of office employee payroll, \$2.00 per \$100 of field supervisor payroll, and \$0.36 per \$100 of field employee payroll. Total office employee payroll for the year is \$35,000. Total field supervisor payroll is \$58,000. Total field employee payroll \$325,000. The contractor receives a discount of 5% of total premiums for having a safety program in place. The total workers' compensation for the year is?

- A. Less than \$1,300.00
- B. Between \$1,300.00 and \$1,700.00
- C. Between \$1,700.00 and \$1,900.00
- D. More than \$2,000.00

35. Which of the following does not apply to a C corporation?

- A. Transfer of ownership through sale of stock
- B. Limited life of the business
- C. Separate legal entity
- D. Availability of capital resources

36. Which of the following are permitted to be asked of a potential employee?

- A. Family members
- B. Pregnancy concerns
- C. Hours available
- D. Sexual preference

37. If D & K Construction wanted to limit their liabilities, they should become a(n) _____.

- A. DBA
- B. C corporation
- C. LLC
- D. GP

38. For federal taxes, a sole proprietor is to use self-employment tax form _____.

- A. 1040 & Schedule SC
- B. 1040 & Schedule C
- C. 1040 – ES
- D. 940 – EZ

39. The _____ method recognizes income when the employer has received it.

- A. Appreciation
- B. Cash
- C. Accrual
- D. Depreciation

40. Whose responsibility is it to understand OSHA?

- A. Property owner
- B. Building contractor
- C. Employer
- D. Employee

41. Which of the following insurances will protect an organization's officers?
- A. AO
 - B. CFO
 - C. DO
 - D. CEO
42. What percentage of a UST's combined volume must be underground?
- A. 10
 - B. 15
 - C. 20
 - D. 5
43. Which of the following bonds guarantees that the contractor will complete the project?
- A. Bid bond
 - B. Payment bond
 - C. Performance bond
 - D. Completion bond
44. The MSDS provides for two main purposes; one purpose is product information, the other purpose is _____ information.
- A. Emergency contact
 - B. Sequence of activities
 - C. Chemical
 - D. Substance
45. Unemployment insurance is for employees who have been _____.
- A. Laid off
 - B. Fired
 - C. On a paid vacation
 - D. Injured at the construction site
46. The ____ method recognizes income when the employer has received it.
- A. Appreciation
 - B. Cash
 - C. Accrual
 - D. Depreciation

47. Which of the following is not one of the key elements of a contract?

- A. Offer
- B. Acceptance
- C. Counter offer
- D. Consideration

48. Which of the following is not a key characteristic of a partnership?

- A. May be orally committed
- B. Keep separate bank accounts for business necessities
- C. All owners have personal liability
- D. Continuance of organization is case of death of a partner

49. Where would depreciation of equipment be first entered?

- A. General journal
- B. General ledger
- C. Disbursements journal
- D. Job cost record

50. Fixed assets include all but which of the following?

- A. Land
- B. Buildings
- C. Equipment
- D. Direct costs

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Answers

1. C 14-11
2. D 9-7, 9-8
3. A 9-2
4. A 12-13
5. C 11-11
6. A $260000 \times .35$
7. B 2-1
8. A 14-6
9. D 12-3
10. C 15-5
11. D 9-9
12. D 5-2
13. D 1-1
14. D 11-7
15. C 2-6
16. B 7-6
17. B 2-2
18. A 11-8
19. D 2-5
20. D 13-2
21. C 5-1
22. D 8-1
23. C 8-6
24. B 8-10
25. A 8-3
26. A 4-8
27. A The only project overhead is going to be the salary of the superintendent.
 $40,000/12 = 3333.33 \times 4$ months
28. B 15-6
29. A 2-3
30. D 8-2
31. A 2-6
32. D 11-8
33. C 15-4

34. D $0.10 \times 35,000 = 3,500$ (based on 100)
 $3,500/100 = 35.00$ (office payroll premium)
 $2.00 \times 58,000 = 116,000 /100 = 1,160.00$ (Field S)
 $0.36 \times 325,000 = 117,000 /100 = 1,170$ (Field E)
 $35 + 1160 + 1170 = 2,365 - 5\% = \$2,246.75$
35. B 2-3
36. C 11-1
37. B 2-3
38. A 15-3
39. B 14-7
40. C 12-1
41. C 4-4
42. A 12-12
43. C 4-7
44. C 12-6
45. A 4-5
46. B 14-7
47. C 8-1
48. D 2-2
49. A 14-2
50. D 14-3

If there is a discrepancy on the page numbers, please kindly provide us with the proper page number by emailing us at support@lexamprep.com.