

1 Exam Prep
NASCLA Contractor's Guide to Business, Law,
and Project Management, Florida 1st Edition
Practice Test 2

1. The _____ method recognizes income when the employer has done the work, yet has not received the income.
 - A. Accrual
 - B. Appreciation
 - C. Deprecation
 - D. Cash

2. A _____ bundles all cost factors for entire task.
 - A. Lump sum
 - B. Cost plus
 - C. Percent completion method
 - D. Unit price method

3. _____ requires paying prevailing wages in federally-financed projects.
 - A. Service Contract Act
 - B. Walsh-Healey Act
 - C. Wage Garnishment Law
 - D. Davis-Bacon Act

4. _____ absolves the indemnified party from any payment for losses and damages incurred by a third party.
 - A. Indemnification
 - B. Delays and extensions of time
 - C. Schedule acceleration
 - D. Force majeure

5. The EAP should include _____.
 - A. Student's name
 - B. Employer's name
 - C. Administrator's name
 - D. Next of kin

6. The MSDS provides for two main purposes: one purpose is product information, the other purpose is _____ information.
- A. Substance
 - B. Chemical
 - C. Sequence of activities
 - D. Emergency contact
7. Having adequate technology strengths can help an organization with all except the following?
- A. Estimating
 - B. Purchasing
 - C. Scheduling
 - D. Vacationing
8. Which of the following is an exclusion to an advantage of a sole proprietor?
- A. Limited personal responsibility
 - B. Low start up costs
 - C. Ownership of profits
 - D. Decision making freedom
9. Which of the following bonds guarantees that the contractor has paid the subcontractor?
- A. Bid bond
 - B. Performance bond
 - C. Payment bond
 - D. James bond
10. _____ determine the type of materials or methods used.
- A. Specifications
 - B. Building codes
 - C. References
 - D. UL
11. Which of the following pays a worker when he, she, is laid off?
- A. Worker's compensation
 - B. Unemployment
 - C. COBRA
 - D. HIPAA

12. Of the following, which is unimportant when naming a business?
- A. Impression of firm
 - B. Trademark
 - C. Service
 - D. Location
13. Technical specifications generally meet the classifications set aside by?
- A. AIA
 - B. EIE
 - C. EEE
 - D. CSI
14. Which of the following establishes an employee's identity to legally work in the United States?
- A. U.S. Passport
 - B. Social Security card
 - C. Certificate of Naturalization
 - D. Driver's License
15. If you are honest with a customer, _____ becomes realistic.
- A. Disappointment
 - B. Expectations
 - C. Unrealistic goals
 - D. Frustration
16. Who pays into workers' compensation?
- A. Property owner
 - B. Building contractor
 - C. Employer
 - D. Employee
17. Within how many days must a notice of commencement be filed?
- A. 15 days
 - B. 14 days
 - C. 21 days
 - D. 30 days

18. A contractor puts in a claim under a comprehensive standard general liability policy. The policy has no additional coverage, riders, or floaters, and has a \$600 deductible per occurrence. The claim is for a job-site accident that caused \$3,000 of injuries to employees, \$2,800 of injuries to a pedestrian, \$3,300 damage to the contractor's equipment, and \$2,750 loss of project materials purchased by the contractor. The insurance company is liable for?

- A. \$2,200
- B. \$0
- C. \$1,000
- D. \$3,200

19. Worker's compensation is paid for by the_____.

- A. Homeowner
- B. Employee
- C. Employer
- D. Government

20. 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

21. If an employee earns \$10.00 per hour for a 50-hour week, how much is the over-time premium?

- A. \$50
- B. \$150
- C. \$500
- D. \$550

22. An entrepreneur is a _____.

- A. Person
- B. Place
- C. Thing
- D. Tax base

23. All businesses must file an annual income tax return except_____?

- A. Corporation
- B. Partnership
- C. Sole proprietor
- D. LLC

24. An individual's Social security is taxed at _____.
- A. 6.2%
 - B. 1.45%
 - C. 7.65%
 - D. 15.3%
25. A _____ is based on a calculation based of footage multiplied by a unit cost.
- A. Square-foot method
 - B. Cost plus method
 - C. Unit price method
 - D. Unit price method
26. Generally, which of the following is not a business tax?
- A. Income tax
 - B. Self-employment tax
 - C. Employment tax
 - D. Property tax
27. All but which of the following is a guideline for a job description?
- A. SKAs
 - B. Certificates
 - C. Responsibility
 - D. Insurances
28. The management team for a Limited Partnership consists of _____?
- A. General partners
 - B. Board of Directors
 - C. Owner
 - D. Manager
29. The penalty for late tax deposits between 1-5 days is _____?
- A. 2%
 - B. 100%
 - C. 5%
 - D. 10%

30. _____ is the type of insurance one would purchase for tools.
- A. GLC
 - B. Builders risk
 - C. D and O
 - D. Equipment theft
31. A contractor pays a workers' compensation rate of \$0.10 per \$100 of office employee payroll, \$2.00 per \$100 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 and \$1,700.00
 - C. Between \$1,700.00 and \$1,900.00
 - D. More than \$2,000.00
32. A(n) _____ is issued prior to the execution of a contract.
- A. Addendum
 - B. Change order
 - C. Modification
 - D. Insurance policy
33. _____ is anything of value.
- A. A signature
 - B. Consideration
 - C. A date
 - D. A counter offer
34. The maximum amount of shareholders permitted within a C corporation is _____ ?
- A. 25
 - B. 55
 - C. 75
 - D. Unlimited
35. Employees are not motivated from _____.
- A. Achievement
 - B. Feedback
 - C. Recognition
 - D. Yelling

36. A surety bond is typically a _____ party bond.
- A. One
 - B. Two
 - C. Three
 - D. Four
37. When conflict exists between plans and specifications, one must follow _____.
- A. Specifications
 - B. Building codes
 - C. UL
 - D. The stricter of the specs or codes
38. _____ is a provision written into a contract that is used to limit risk in case of labor strikes.
- A. Indemnification
 - B. Delays and extensions of time
 - C. Schedule acceleration
 - D. Force majeure
39. For federal taxes, a sole proprietor is to use self-employment tax form _____.
- A. 1040 & schedule SE
 - B. 1040 & schedule C
 - C. 1040-ES
 - D. 940 – EZ
40. An independent contractor is usually paid by _____.
- A. Hourly
 - B. Weekly
 - C. Biweekly
 - D. Flat fee
41. What is the return on total assets if there is a net profit (after taxes) of \$16,000 and total assets of \$48,000?
- A. 1/3
 - B. 3/1
 - C. 1/1
 - D. 3/3

42. Which of the following programs applies to high injury sites?
- A. Programmed inspections
 - B. Unprogrammed inspections
 - C. Automatic inspections
 - D. Involuntary inspections
43. A sole proprietor is taxed on_____.
- A. Ordinary income
 - B. Pass through wages
 - C. Cost plus fee
 - D. Gross revenues
44. 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
45. Units of measure include all but which of the following?
- A. Linear
 - B. Square
 - C. Cube
 - D. Round
46. A major purpose of tracking costs is because _____ can indicate a possible problem.
- A. Overruns
 - B. Under runs
 - C. Profit
 - D. Cutting corners
47. Which of the following is not a purpose of marketing?
- A. Bring in new customers
 - B. Retain existing customers
 - C. Cash flow
 - D. Open a checking account

48. A job commences on Wednesday, January 3rd. It is scheduled to be completed on January 19th of the same year. Including weekends, the job was completed on January 15th. How many days of float are there?
- A. 4
 - B. 5
 - C. 6
 - D. 7
49. To help with cash flow, one should use _____.
- A. A contract
 - B. Progress payment
 - C. Lawyer
 - D. Accountant
50. Depreciation is considered a _____ expense.
- A. Non cash
 - B. Cash
 - C. Value
 - D. Unnecessary

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Answers

1. A 14-7
2. D 7-7
3. D 11-8
4. A 8-5
5. C 12-3
6. B 12-6
7. D 5-2, 5-3
8. A 2-1
9. C 4-7
10. A 7-2
11. B 4-5
12. D 2-6
13. D 8-9
14. A 11-23
15. B 10-1
16. C 11-11
17. A 16-2
18. A 2800-600=
19. C 4-5
20. C 15-4
21. A $\$10 \times 1.5 = \15 per hour for overtime
 $\$15 - \$10 = \$5$ per hour overtime premium
 $\$5 \times 10$ (hours of overtime) = \$50
22. A 1-1
23. B 15-2
24. A 14-13
25. A 7-7
26. D 15-1
27. D 11-10, 11-11
28. A 2-5
29. A 15-5
30. D 4-3
31. D $0.10 \times 35,000 = 3,500$ (Based on 100)
 $3,500 / 100 = 35.00$ (Office payroll premium)
 $2.00 \times 58,000 = 116,000 / 100 = 1,160$ (Field S)
 $0.36 \times 325,000 = 117,000$ (Field E)
 $35 + 1160 + 1170 = 2,365 - 5\% = \$2,246.75$

- 32. A 7-1
- 33. B 8-2
- 34. D 2-5
- 35. D 11-10
- 36. C 4-6
- 37. D 7-2
- 38. D 8-5
- 39. A 15-2
- 40. D 13-3
- 41. A 14-8
- 42. A 12-8
- 43. A 2-1
- 44. A 14-6
- 45. D 7-7
- 46. A 9-9, 9-10
- 47. D 6-1
- 48. A 9-2
- 49. B 8-2, 8-3
- 50. A 14-10

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