

1 Exam Prep

Florida Contractor's Reference Manual

Practice Test 2

1. According to the Construction Lien Law 713, Claims of liens under a direct contract should be paid to which of the following first?
 - A. Lien of contractor
 - B. Lien of all persons other than the contractor
 - C. Lien of lender
 - D. Lien of Laborers

2. A person who is self-employed is considered an employee _____.
 - A. Only if he offers his services to the public
 - B. Always
 - C. Only if he forms a corporation
 - D. Only if he has employees

3. This practice accumulates cost for the duration of a contract (up to two years), while deferring recognition of the project income until the final payment is received for that contract.
 - A. Percentage of Completion
 - B. Completed Contract
 - C. Completion-Capitalized Cost
 - D. Cost-plus Contract

4. According to the Florida Construction Industry Licensing Law, an examinee that has passed the certified contractor's examination shall have a period of _____ from the date he is notified that he has qualified to provide the Board with additional required evidence.
 - A. unlimited time
 - B. 90 days
 - C. 60 days
 - D. 30 days

5. Supplement wages include _____.
 - A. Bonuses
 - B. Commissions
 - C. Over-time pay
 - D. All of the above

6. Which of the following is not a disadvantage of the corporation form of ownership?

- A. Possible double taxation
- B. Start-up costs
- C. Maintenance costs
- D. Exposure to personal liability

7. Which of the following records do not have to be kept under *The Fair Labor Standards Act*?

- A. Total hours worked each day
- B. Social security number
- C. Deductions from wages for each pay period
- D. The date wages are paid

8. _____ labor costs are those basic hourly wages incurred while actually installing, building, or modifying a work item.

- A. Direct
- B. Indirect
- C. Labor burden
- D. None of the above

9. The child labor provisions of *the Fair Labor Standards Act* include restrictions on the hours of work for minors under the age of _____ .

- A. 14
- B. 15
- C. 16
- D. 17

10. A subcontractor who does not have a contract with the owner but intends to file a lien on the owner's property shall be required to serve a notice on the owner not later than _____ .

- A. 30 days after the work is completed
- B. 45 days after the work has began
- C. 15 days after the date of substantial completion
- D. The last day the subcontractor performs work for the owner

11. A W-4 is _____ .

- A. There is no such form
- B. A form so that your employer can withhold the correct federal income tax from your pay
- C. A form that summarizes all of the employee W-2s
- D. A form to submit all FUTA and SUTA

USE THE FOLLOWING INFORMATION FOR THE NEXT THREE QUESTIONS #12 - #14

Cash	\$ 129,925.96
Inventory	\$ 6,330.40
Total Current liabilities	\$ 109,226.28
Net income	\$ 13,263.84
Sales	\$ 532,123.62

12. Using the figures above, the current ratio is _____ .
- A. 1.25
 - B. 1.24
 - C. 1.18
 - D. 1.13
13. Using the figures above, a more accurate test for current ratio (quick ratio) yields _____ .
- A. 1.25
 - B. 1.24
 - C. 1.19
 - D. 1.18
14. Using the figures above, the margin of profit is _____ .
- A. 2.45%
 - B. 2.49%
 - C. 2.50%
 - D. 27.34%
15. If an employer "overstates" the amount of his federal taxes to be deposited, he may be assessed a penalty of _____.
- A. 200%
 - B. 100%
 - C. 25%
 - D. No penalty will be assessed, he can receive a credit
16. Which of the following are exempted from the Florida Construction industry Licensing Law?
- A. Public utilities
 - B. A residential designer acting in his professional capacity
 - C. An owner building a two-family residence for self-occupancy
 - D. All of the above

17. A construction employee's weekly pay period begins at 8:00 AM Thursday and ends at 7:59 AM on the following Thursday. Under *The Fair Labor Standards Act* the employee receives overtime pay when he works on _____.

- A. Sunday
- B. Saturday or Sunday
- C. National holiday
- D. None of these

18. Willful violations of the FLSA may be fined to a maximum of _____.

- A. \$1,000
- B. \$3,000
- C. \$5,000
- D. \$11,000

19. The financial statement showing the owner's equity in a business is referred to as the _____.

- A. Balance sheet
- B. Profit and loss statement
- C. Summary of operations
- D. B and C are correct

20. Under the Lien Law, "improve" does not mean _____.

- A. Build
- B. Repair
- C. Demolish
- D. Confiscate

21. FICA is made up of _____.

- A. FUTA and SUTA
- B. Social Security and Medicare
- C. Social Security, Medicaid and withholding
- D. Workers' Comp and unemployment insurance

22. Which of the following is considered a company's asset?

- A. Debts owed by the company
- B. Cash holdings of the company
- C. Accounts payable
- D. A financial liability

23. According to the Florida Construction Industry Licensing Law, a certificate which is inoperative for more than 90 days _____.

- A. may never be activated
- B. requires re-examination for re-activating
- C. requires only the renewal fee(s) be paid for re-activating
- D. to be re-activated requires the payment of the original application fee then the renewal fee.

24. _____ is/are changes to the bidding package which alter or adjust the contract to specifications prior to the submission of bids by contractors.

- A. Change order
- B. Addenda
- C. Supplemental Conditions
- D. None of the above

25. A student working for a private school, college, or university, if enrolled and regularly attending classes is exempt from _____.

- A. FIT
- B. FIT and FICA
- C. FIT, Social Security, Medicare and FUTA
- D. Social Security, Medicare and FUTA

26. The Bennett Construction Company has total liabilities of \$6,943 and a total net worth of \$12,833. If the company had fixed assets of \$10,305, its total current assets would be _____.

- A. \$13,725
- B. \$14,306
- C. \$19,776
- D. \$25,031

27. Which of the following records do not have to be kept according to the FLSA?

- A. Total hours worked each workday and workweek
- B. Social Security numbers
- C. Regular hourly pay rate
- D. Date of payment and pay period covered

28. A general liability policy generally covers all of the following except:

- A. Bodily injuries for non-employees injured on or around the job site
- B. Property damage resulting from the construction process
- C. Claims against the firm arising from advertising.
- D. Vehicle accidents occurring while driving to or from the job site

29. According to the Florida Construction Industry Licensing Law, a certificate which has not been renewed by the renewal year may be restored _____.

- A. by payment of the original application fee
- B. by renewal fee payment, plus late fees
- C. only by re-examination
- D. by fee payment, if within one (1) year

30. Any improvement for which the contract price is _____ or less shall be exempt from all provision of this law except liens in privity.

- A. \$500
- B. \$1,000
- C. \$2,000
- D. \$2,500

31. A small business with only one employee owes less than \$500 in withheld income and FICA taxes at the end of the month. His look back period deposits were less than \$50,000. When should they be deposited?

- A. By the end of the first week of the new quarter
- B. You do not have to deposit any for the month
- C. At the end of the year
- D. By the 15th of the next month

32. If liabilities were \$110,253.11 and net worth was \$138,423.65, assets would have been _____.

- A. \$28,170.54
- B. \$248,676.76
- C. \$285,243.79
- D. Not enough information to determine

33. According to the Florida Construction Industry Licensing Law, the initial fee for registration as a General contractor shall not exceed _____.

- A. \$25.00
- B. \$50.40
- C. \$100.00
- D. \$150.00

34. Which of the following bonds would be used to protect the owner from subcontractors, suppliers or laborers that were not compensated by the contractor?

- A. Bid bond
- B. Performance bond
- C. Payment bond
- D. Maintenance bond

35. A son has his 65-year-old father working in his construction office. Which of the following taxes is the company not required to pay?
- A. Social security and Medicare
 - B. Income Tax
 - C. Medicare Only
 - D. Federal unemployment
36. _____ are issued before the date bids are accepted and often contain information that may affect bid prices.
- A. Appendix
 - B. Addenda
 - C. Modifications
 - D. Change orders
37. According to the Florida Construction Industry Licensing Law, a residential contractor is allowed to build a duplex residence to a habitable height of _____.
- A. 4 stories
 - B. 2 stories
 - C. 3 stories
 - D. 1 story
38. The overtime pay directives of the FLSA requires _____.
- A. Overtime pay for Sundays.
 - B. Overtime pay for hours in excess of 8 per day.
 - C. Overtime pay for hours in excess of 40 per week
 - D. All of the above.
39. What is the name of the process whereby an estimate is created containing all of the materials required for a project?
- A. Job analysis
 - B. Cost log
 - C. WBS
 - D. Takeoff
40. Liens between lienor claiming under a direct contract shall be paid or allowed in which of the following orders?
- A. Labor, others, contractor
 - B. Contractor, suppliers, labor
 - C. Suppliers, contractors, others
 - D. Contractor, suppliers and labor, sub-contractors

41. If a tax deposit is made 18 days late, it may be subject to a penalty of _____ .

- A. 15%
- B. 10%
- C. 5%
- D. 2%

42. What should be the percent of profit earned by a contractor if the total cost was \$65,000 on a contract of \$76,000? Select closest answer.

- A. 12.5%
- B. 14.5%
- C. 15%
- D. 20%

43. According to the Florida Construction Industry Licensing Law, the renewal fees for registrants and certificants is _____.

- A. Not to exceed \$4
- B. One-half of the original application fee
- C. Fixed by the Board not to exceed \$150.00
- D. Fixed by the board not to exceed one-half of the initial application fee.

44. _____ is a guarantee backed by an insurance company that the successful bidder will enter into the project contract for an agreed-upon price.

- A. Surety bond
- B. Bid bond
- C. Warranty
- D. Valid-bid proposals

45. If you accumulate tax liability of \$100,000 or more on any day during a deposit period, you are subject to the _____ .

- A. Semi-monthly deposit rule
- B. Next tax audit
- C. Next-Day Deposit Rule
- D. Deposit within 3 banking days rule

46. A salaried employee made \$12,000 per year in 2001, and is classified as nonexempt under the FLSA. What is his gross pay for a week in which he works 64 hours?

- A. \$230.77
- B. \$438.37
- C. \$323.12
- D. \$343.18

47. The form of business ownership in which the owner has all the legal rights to make the decisions for the business is called a _____.

- A. Sole proprietorship
- B. Partnership
- C. General partnership
- D. Corporation

48. According to the Florida Construction Industry Licensing Law, an active certified building contractor is eligible to take the general contractor examination if he possesses a minimum of _____ years of experience in the classification in which he is certified.

- A. 2 years
- B. 3 years
- C. 4 years
- D. 6 years

49. What is the percent of completion to the nearest 10th of a percent? The cost to date is \$66,360.50. The estimated cost to complete is \$24,850.00 on a contract for a job sold for \$120,000.00.

- A. 71.8%
- B. 72.2%
- C. 72.7%
- D. 72.8%

50. A single claim of lien is sufficient for improvements under the same direct contract even though the improvements are located on separate lots if the _____.

- A. Lots are in the same county.
- B. Owner is the same for all lots.
- C. Lots are located in different counties.
- D. Owners are several people.

51. Any agreement by an employee to contribute to a benefit fund to provide medical services as required by Workers' Compensation _____.

- A. Is Invalid
- B. Is not in violation of Workers' Compensation.
- C. Is a misdemeanor.
- D. Is valid as long as one registers the agreement with the department of insurance.

52. Project _____ is the wise and careful allocation and efficient use of resources for timely completion of a project within the estimated construction budget.

- A. Planning
- B. Scheduling
- C. Management
- D. Profit-Coordination

53. An installment of Workers' Compensation payable without an award is due on July 1st, but payment is delayed until July 10th. An additional _____ should be added to the payment.
- A. 12%, \$5.00 min.
 - B. 20%
 - C. 10%
 - D. A and B
54. Before moving on to the scheduling process, a contractor must divide a project into fundamental operations and then analyze them to determine all of the following EXCEPT:
- A. Location of tasks
 - B. Duration of tasks
 - C. Sequence of work
 - D. Relative dependence of a task (tasks requires two people or more)
55. An employee refuses to observe safety rules and use safety equipment His Workers' Compensation _____ .
- A. Will not be affected
 - B. Will be reduced 25%
 - C. Will be reduced 50%
 - D. Will not be paid, because he contributes to an accident
56. _____ time is a buffer, reducing the negative impact unexpected delays have on the remaining schedule.
- A. Production time
 - B. Estimating time
 - C. Float time
 - D. Contingency time
57. An employer pays a lump sum payment to a claimant without an attorney releasing the employer from future liability. The employer has _____.
- A. Broken the law.
 - B. 90 days to provide the claimant with an attorney
 - C. To get permission from a judge.
 - D. 120 days to file a notice of denial.
58. An employer has _____ calendar days after he/she receives information that a recordable work related injury has occurred, the *Injury and Illness Incident Report* (Form 301) must be filled out.
- A. 5
 - B. 7
 - C. 14
 - D. 30

59. Time limitation for filing petitions for workers compensation benefits are _____ after the date on which the employer knew that the injury arose from work performed during the employment.

- A. 30 days
- B. 90 days
- C. 1 year
- D. 2 years

60. A business must keep OSHA forms on file for a period of _____ year(s) following the year they pertain.

- A. 10
- B. 5
- C. 3
- D. 1

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Practice Test 2 Answers

1. D
2. C
3. B
4. C
5. D
6. D
7. B
8. A
9. C
10. B
11. B
12. A $\text{Current ratio} = \text{Current assets} + \text{Current liabilities} = 129,925.96 + 6,330.40 = \$136,256.36 \div \$109,226.28 = 1.2474.$
13. C $\text{Quick Ratio} = (\text{Current Assets} - \text{Inventory}) + \text{Current liabilities} = (\$136,256.36 - \$6,330.40) \div \$109,226.28 = 1.1895.$
14. B $\text{Margin of profit} = \text{Net income divided by Revenues} = \$13,263.84 \div \$532,123.62 = 2.49\%.$
15. B
16. D
17. D
18. D
19. A
20. D
21. C
22. B
23. D
24. B
25. D
26. C $\text{Total Current Assets} = \text{Net worth} + \text{Total liabilities} = \$12,833 + \$6,943 = \$19,776.$ Fixed assets don't apply to current assets.
27. C
28. D
29. B
30. D
31. D
32. B $\text{Assets} = \text{Net Worth} + \text{Total Liabilities. Assets} = \$138,423.65 + \$110,253.11 = \$248,676.76.$
33. C
34. C
35. B
36. B
37. B
38. C
39. D

40. A
41. C
42. B Math: Profit = \$76,000 - \$65,000 = \$11,000. % Profit = $\$11,000 \div \$76,000 = 14.5\%$.
43. A
44. B
45. C
46. B Math: Base pay: $\$12,000 \div 52 = \$230.77/\text{wk} + 40 \text{ hrs} = \$5.77/\text{hr}$. OT pay: $\$5.77 \times 1.5 = \$8.65/\text{hr}$.
x 24 hrs = \$207.60. Total = $\$230.77 + \$207.60 = \$438.37$.
47. A
48. C
49. D Total Cost = $\$66,360.50 + \$24,850 = \$91,210.50$ % Complete = $66,360.50 \div 91,210.50 = 72.8\%$. The contract price has nothing to do with it
50. B
51. A
52. C
53. D 440.20 6(a) and 440.20 8(a)
54. D
55. B
56. D
57. D
58. A
59. D
60. B