

1 Exam Prep

Florida Contractor's Reference Manual

Practice Test 3

1. Before improving any real property, the owner should file a _____ with the county clerk's office.
 - A. Notice of commencement.
 - B. Waiver of lien.
 - C. Payment bond.
 - D. Copy of the contract.

2. A contractor withholds backup withholding on a 1099 contractor. He must report this backup withholding on IRS form _____.
 - A. 941
 - B. 943
 - C. 945
 - D. 940

3. The income statement is also sometimes called _____.
 - A. A balance sheet
 - B. The profit and loss statement
 - C. A statement of cash flow
 - D. The general ledger

4. According to the Florida Construction Industry Licensing Law, which of the following is exempt from the licensing law?
 - A. A contractor building only one house for a second party
 - B. A contractor building a home for his son
 - C. A contractor licensed in another state
 - D. An officer appointed by the court of his jurisdiction

5. If an error is discovered in reporting withheld income and FICA taxes, you can generally use Form _____ to correct it.
 - A. W-3c
 - B. W-4
 - C. 940
 - D. None of the Above

6. One of the greatest disadvantages of sole proprietorships in the financial management of a company is _____ .

- A. The owner has unlimited personal liability.
- B. Keeping business and personal funds in separate accounts.
- C. Maintaining a full set of books and records.
- D. Operating a business under a separate Federal I.D. number.

7. Which of the following standards are not established by the FLSA?

- A. Minimum wage
- B. Overtime pay
- C. Vacation pay
- D. Record keeping

8. _____ is an accurate estimating method that lists all materials and labor needed for the project and assigns a specific price to each item or function.

- A. Lump sum estimate
- B. Detailed survey estimate
- C. Unit price estimate
- D. Both A and B

9. According to the *Fair Labor Standards Act*, a company or entity with two employees or more with gross receipts of at least _____ or more will be regulated under the act.

- A. \$250,000
- B. \$500,000
- C. \$750,000
- D. \$1,000,000

10. A Release of Lien is a document _____.

- A. Releasing the contractor from further responsibility.
- B. Releasing the owner from any responsibility.
- C. Releasing the architect and engineer from responsibility.
- D. Certifying to the owner that the contractor has paid all labors and materials.

11. For Federal Unemployment Tax purposes, the term "Employer" includes any person or organization that paid a wage of _____ or more in any calendar quarter during the current or preceding calendar year, or had one or more employees at any time.

- A. \$400.00
- B. \$750.00
- C. \$980.00
- D. \$1,500.00

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

Cash	\$ 229,897.18
Inventory	\$ 6,455.80
Total Current liabilities	\$ 188,153.17
Net income	\$ 15,472.97
Sales	\$ 632,008.91

12. Using the figures above, the current ratio is _____ .
- A. 0.80
 - B. 1.26
 - C. 1.03
 - D. 1.22
13. Using the figures above, a more accurate test for current ratio (quick ratio) yields _____ .
- A. 0.8
 - B. 1.256
 - C. 1.028
 - D. 1.22
14. Using the figures above, the margin of profit is _____ .
- A. 2.45%
 - B. 6.55%
 - C. 8.22%
 - D. 37.34%
15. In the Circular E Tax Guide, it states that if an employer deducts no Social Security or Medicare taxes or less than the required amount from the employee's wages, _____.
- A. The employee is responsible for the underpayment.
 - B. The employer must make adjustments within 30 days.
 - C. The employer may forego reimbursement after 30 days.
 - D. The employer can make it up from later pay to that employee
16. According to the Florida Construction Industry Licensing Law, registration and certification are renewable _____.
- A. Twice a year
 - B. Yearly
 - C. Every two years
 - D. Every three years

17. A construction worker's weekly pay period begins at 8 a.m. Thursday and ends at 7:59 a.m. on the following Thursday. According to the FLSA, the employee receives overtime when he works on _____.

- A. Sunday
- B. Saturday or Sunday
- C. National holidays
- D. None of the above

18. If a contractor fails to complete a project, a _____ bond can be used to hire a new contractor and will provide the necessary resources to allow for completion of the project.

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

19. The job cost ledger for a project in progress shows the following information for completed site excavation work:

Superintendent:	\$3,050
General labor:	\$4,260
Equipment rental:	\$4,500
Dewatering:	\$3,800
Fuel:	\$1,200
Net profit from sale of soil	\$6,000

The total volume of material excavated was 12,300 cubic yards at an estimated cost of \$2.10 per cubic yard. Based on the above information the estimated cost for the excavation was_____.

- A. \$ 180 too low
- B. equal to the actual cost
- C. \$ 5,820 too high
- D. \$ 15,020 too high

20. A contractor or potential lienor who has a direct contract, written or verbal, with the owner is considered:

- A. Not in privity
- B. An exempt lienor
- C. In privity
- D. A Direct contract

21. When you don't have a payroll period, you must withhold taxes as if you paid wages on a daily or miscellaneous payroll period. Figuring the number of days, you must include _____ in the period covered by the wage payment.

- A. Saturdays only
- B. Sundays only
- C. Holidays only
- D. All of the above

22. A piece of equipment is purchased by ABC Contractors for \$6,000. The equipment is to be depreciated over six (6) years. Which depreciation method will yield the smallest depreciation for the first two-(2) years?
- A. 200% declining balance.
 - B. 150% declining balance.
 - C. 125% declining balance
 - D. Straight line
23. According to the Florida Construction Industry Licensing Law, the Board is authorized to take the following disciplinary action _____.
- A. Suspend the certificate or registration.
 - B. Revoke the certificate or registration
 - C. Impose a fine up to \$5,000.00
 - D. All of the above
24. What type of contract requires the contractor to develop the entire project and the contractor obtains financing, acquires the land, procures design plans, etc?
- A. Traditional
 - B. Turnkey
 - C. Design build
 - D. Concession
25. In cases where income, Social Security and Medicare taxes that should be withheld, are not withheld or not paid to the IRS, certain officers or employees of a corporation, or certain members or employees of a partnership may become personally liable for the payment of the taxes and penalized _____ of the unpaid trust fund tax.
- A. 10%
 - B. 25%
 - C. 15%
 - D. 100%
26. Payments received but not yet earned are referred to as income.
- A. Loss
 - B. Profit
 - C. Accrued
 - D. Unearned
27. In February, a construction firm employs an office assistant at \$14,000 per year (52 weeks) for fluctuating hours. The assistant works 52 hours during the week of June 5 to 11. According to the Handy Reference Guide to the FLSA, what are the gross wages that the assistant is entitled to receive for the week?
- A. \$274.25
 - C. \$309.43
 - B. \$300.44
 - D. \$312.67

28. This type of insurance policy protects the builder against the loss of its investments in time and materials for a project not yet completed.

- A. Worker's Compensation
- B. All-Risk
- C. General Liability
- D. None of the above

29. According to the Florida Construction Industry Licensing Law, any official authorized to issue a building or other related permits shall _____.

- A. do so when proper fee is paid
- B. ask the applicant if he is registered
- C. ask for the number of the applicant's certification
- D. ascertain if the applicant is duly registered or certified

30. When filing a claim of lien, the lienor is not required to furnish _____.

- A. The name of the lienor's attorney.
- B. The name of the owner.
- C. A description of the real property sufficient for identification.
- D. The amount of the lienor

31. A contractor pays an employee supplemental vacation pay in addition to his/her regular wages. The contractor withholds income tax from the employee's regular wages and may choose the option to withhold a flat _____ percent from the Supplemental.

- A. 7%
- B. 10%
- C. 15%
- D. 25%

32. Given: A construction project's cost as of September 30th 2014 is \$34,261 the total estimated costs (at completion) are \$43,832. The contract price for the project is \$54,466 and the amount billed as of September 30th 2014 is \$41,794.

As of September 30th 2014, using the percent completion method, the revenue recognized in excess of the amounts billed for this project were _____.

- A. \$763
- B. \$2,038
- C. \$4,004
- D. \$7,533

33. According to the Florida construction Industry Licensing Law, which of the following are exempt from the Construction Licensing Law?
- A. An employee of a city who does not hold himself out for hire to engage in contracting.
 - B. A registered architect acting in his professional capacity.
 - C. An officer appointed by the court when acting within the scope of his office as defined by the law.
 - D. All of the above
34. When referring to contracts, what does the term "consideration" mean?
- A. Pondering
 - B. Agreement
 - C. Offer
 - D. Compensation
35. If Federal Unemployment (FUTA) tax is over _____ you must deposit the tax by electronic funds.
- A. \$212
 - B. \$115
 - C. \$100
 - D. \$500
36. According to the Workers' Compensation law, the term "person" means _____.
- A. An individual
 - B. A partnership
 - C. A corporation
 - D. All of the above
37. According to the Florida Construction Industry Licensing Law, upon the loss of a certified qualifier, the construction company has _____ days to qualify another person.
- A. 10 days
 - B. 30 days
 - C. 60 days
 - D. 90 days
38. Project _____ involves analyzing each of the tasks that must be performed in order to complete a project and determining the most effective means of performing that tasks.
- A. Planning
 - B. Scheduling
 - C. Management
 - D. Profit-Coordination

39. An employee earns \$11.30 per hour. Assume that the employer payroll taxes and insurance are 14% of the direct labor costs. The employee worked 8-hour days on Monday, Tuesday, and Saturday, and 10 hour-days on Wednesday and Thursday. He did not work Friday or Sunday. He is nonexempt under the FLSA. What was the company's average hourly labor cost for the employee for all hours actually worked on the job for the hours described above?

- A. \$10.32
- B. \$12.21
- C. \$13.47
- D. \$13.88

40. According to the Florida Construction Lien Law, when the final payment under a direct contract becomes due, the contractor shall execute an affidavit and deliver it to the owner at least _____ before instituting an action to enforce his lien.

- A. 5 days
- B. 7 days
- C. 10 days
- D. 14 days

41. The wages of a child 18 years of age employed by a parent are not exempt from _____ .

- A. Income Tax, Social Security, Medicaid
- B. Federal Unemployment Tax
- C. Income Tax
- D. All Taxes

42. The following financial information is available for a job in. progress September 30th 2014.

TOTAL CONTRACT PRICE	BILLINGS TO DATE	COST TO DATE	ESTIMATED COST TO COMPLETE
\$1,655,400	\$1,247,000	\$1,264,000	\$233,600

As of September 30, 2014, the percent completion of this project was _____.

- A. 71.0%
- B. 78.6%
- C. 85.0%
- D. 89.8%

43. According to the Florida Construction Industry Licensing Law, if an incomplete contract exists at the time of death of the licensed contractor _____ can complete the contract.

- A. a certified contractor
- B. a registered contractor
- C. any persona even if not certified or registered
- D. any of the above

44. When computing labor costs, which of the following should not be included.
- A. Coffee breaks
 - B. Clean-up
 - C. Tool maintenance
 - D. Drive time to and from job site
45. Of the following, _____ are not included in the term "taxable wages".
- A. Services paid "in kind."
 - B. Salaries
 - C. Vacation allowances
 - D. Meals for the convenience of the employer
46. A _____ Estimate consists of assigning cost to each unit of construction.
- A. Cost-per-item
 - B. Detailed survey
 - C. Unit price
 - D. None of the above
47. Which is not true of an "S" corporation?
- A. "S" corporations are treated like partnerships
 - B. "S" corporations share most of the pros and cons of regular corporations
 - C. Shareholder choose to be taxed s individuals or through the corporation
 - D. It is limited to large-volume companies
48. A contractor terminates a project without just cause and/or notification to the owner. The project will be considered abandoned after _____ days.
- A. 120 days
 - B. 90 days
 - C. 45 days
 - D. 30 days
49. Which of the following is not depreciated?
- A. office equipment
 - B. a truck
 - C. office building
 - D. land

50. Once you have properly filed a notice, which of the following becomes a true statement?

- A. The owner may pay you directly.
- B. The general contractor may fire you.
- C. You give up your payment position.
- D. You must sign off as "paid."

51. In case of temporary partial disability, compensation shall be equal to 80 percent of the difference Between _____ of the employee's average weekly wage and the pay the employee is able to earn.

- A. 90 percent
- B. 80 percent
- C. 20 percent
- D. 50 percent

52. _____ is/are a sequence of events that takes the longest period of time to complete.

- A. Critical path
- B. High-priority tasks
- C. Specialized tasks
- D. Gnatt path

53. A carrier must take one of the following actions within 45 days of the receipt of a hospital bill, but it cannot _____ the claim.

- A. Deny
- B. Disallow
- C. Pay
- D. Hold

54. Project _____ is the process of assigning each activity to a time slot so that the requirements of the plan can be met.

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

55. According to the Workers' Compensation law, a worker who is permanently and totally disabled shall be paid, subject to the statutory maximum _____ .

- A. 66-2/3% of his average weekly wage during a continuance of the disability
- B. 66-2/3% of his average weekly wage for a maximum of 104 weeks
- C. 50% of his average weekly wage during a continuance of the disability
- D. 50% of his average weekly wage for a maximum of 104 weeks

56. Serious OSHA violations may have penalties up to \$_____.

- A. \$70,000
- B. \$10,000
- C. \$7,000
- D. \$5,000

57. The _____ contract is useful in situations when accurate construction estimate is not possible, such as after a hurricane.

- A. Cost-plus-fee
- B. Cost-plus-percentage
- C. Lump sum
- D. Unit price

58. Within _____ hours after the death of any employee from a work-related accident an employer must orally report the incident to OSHA.

- A. 48 hours
- B. 24 hours
- C. 12 hours
- D. 8 hours

59. If a loader cost \$40.00 per hour to rent and loads an average of 300 cubic feet per hour, then the equipment production rate would be _____ per cubic yard.

- A. \$0.10
- B. \$0.11
- C. \$0.12
- D. \$0.13

60. A _____ contract is an agreement that the owner will pay for all construction cost plus an added amount to the contract.

- A. Cost-plus-fee
- B. Cost-plus-percentage
- C. Detailed survey
- D. Both A and B

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Practice Test 3 Answers

1. A
2. C
3. B
4. D
5. D
6. A
7. C
8. D
9. B
10. D
11. D
12. B $\text{Current ratio} = \text{Current assets} + \text{Current liabilities} = \$236,352.98 \div \$188,153.17 = 1.256.$
13. D $\text{Quick Ratio} = (\text{Current Assets} - \text{Inventory}) + \text{Current liabilities} = (\$236,352 - \$6,455.80) + \$188,153.17 = 1.22.$
14. A $\text{Margin of profit} = \text{Net income divided by Revenues} = \$15,472.97 \div \$632,008.91 = 2.45\%.$
15. D
16. C
17. D
18. A
19. D
20. C
21. D
22. D
23. D
24. B
25. D
26. D
27. B. $\text{Math: } \$14,000 \div 52 \text{ weeks} = \$269.23/\text{wk}$
 $52 \text{ hrs} = \$5.18/\text{hr. (Base pay). OT} = \$5.18 \times 1.5 =$
 $\$7.77/\text{hr. Regular pay} = \$5.18 \times 40 \text{ hours} = \207.20
 $\text{OT} = \$7.77 \times 12 \text{ hours} = \93.24
 $\text{Total Pay} = \$207.20 + \$93.24 = 300.44.$
28. B
29. D
30. A
31. D
32. D
33. D
34. D
35. D
36. D
37. C
38. A

39. C Math: Base pay cost: $\$11.30/\text{hr} + 14\% = \$12.88/\text{hr}$. For 40 hrs. = $\$515.20$. OT Cost: $\$12.88 \times 1.5 = \$19.32/\text{hr}$. For 4 hrs. = $\$77.28$. Total = $\$515.20 + \$77.28 = \$592.48$. Avg hourly = $\$592.48 \div 44 \text{ Hrs} = \$13.47/\text{hr}$.
40. A
41. A
42. C
43. D
44. D
45. D
46. C
47. D
48. B
49. D
50. A
51. B
52. A
53. D
54. B
55. A
56. C
57. B
58. D
59. D
60. D