COST CONTROLS PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

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How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

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Questions

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1. Which formula represents Estimated at Completion (EAC) when assuming work will progress at the planned rate?

A. =BAC - BCWP.

B. = ACWP + BAC - BCWP

C. = ACWP + (BAC - BCWP).

D. BAC + BCWP - ACWP.

2. Which term describes the advertisement for bids, instructions to bidders, information available to bidders, bid form with all attachments, and proposed contract documents?

A. Bid Documents

B. General Conditions

C. Contract Documents

D. Production

3. Which term is associated with rising wages increasing firms' costs and increasing consumers' disposable income?

A. Money Supply

B. Inflation

C. Book Costs

D. Opportunity Costs

4. Which term describes inflation caused by demand pulling ahead of supply?

A. Demand Pull Inflation

B. Cost Push Inflation

C. Inflation

D. Money Supply

5. Distributable Cost is best described as

A. A cost item kept in a separate account rather than spread.

B. A cost that can be directly attributed to a particular item.

C. A fixed cost that remains constant.

D. A cost item that is spread over other cost items rather than managed as a separate account.

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6. What is the purpose of forecasting in project management?

A. To analyze the current status of a project and forecast outcomes to take corrective action.

B. To finalize the project scope.

C. To determine the project sponsor.

D. To assign tasks to team members.

7. Explain the concept of cost-to-serve in service operations.

A. A method to forecast service demand.

B. A method to count service hours only.

C. A method of tracing costs to each customer or service to determine profitability and optimize pricing.

D. A way to allocate costs equally among all customers.

8. Which list contains all six common ways to determine project progress?

A. Incremental milestones; Units completed; Start/Finish; Supervisor opinion; Cost Ratio; Weighted or Equivalent units.

B. Units completed; Start/Finish; Cost Ratio.

C. Earned value; Critical path; Gantt chart; Milestone tracking.

D. Cost variance; Schedule variance; Resource leveling; Risk scoring.

9. How do you calculate the cost of quality as a percentage of sales?

A. (Prevention + Appraisal + Internal Failure + External Failure) / Sales × 100.

B. (Prevention + Appraisal) / Sales × 100.

C. (Internal + External) / COGS × 100.

D. (Total quality costs) / Net income × 100.

10. Which term refers to the contract documents collection including the contract forms, general and specific conditions, drawings, specifications, and addenda describing the project scope and contract terms?

A. Bid Documents

B. Escalation

C. Contingency

D. Contract Documents

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Answers

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1. C
2. A
3. A
4. A
5. D
6. A
7. C
8. A
9. A
10. D

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Explanations

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1. Which formula represents Estimated at Completion (EAC) when assuming work will progress at the planned rate?

A. =BAC - BCWP.

B. = ACWP + BAC - BCWP

C. = ACWP + (BAC - BCWP).

D. BAC + BCWP - ACWP.

Estimating at completion when work will progress at the planned rate means you carry forward what has already been spent and add the budgeted amount left to finish. The actual cost incurred so far is ACWP. The total budget for the project is BAC, but only BCWP has been earned so far, so the remaining budget to complete is BAC minus BCWP. Putting those together gives EAC = ACWP + (BAC - BCWP). This reflects funding the remaining work at the original plan. Algebraically, this is the same as ACWP + BAC - BCWP, just written without the parentheses.

2. Which term describes the advertisement for bids, instructions to bidders, information available to bidders, bid form with all attachments, and proposed contract documents?

A. Bid Documents

B. General Conditions

C. Contract Documents

D. Production

The bidding package describes everything released to invite and guide bids. This set includes the advertisement for bids, instructions to bidders, information available to bidders, the bid form with all attachments, and the proposed contract documents. Together, these items tell bidders how to prepare and submit their bids and what documents will form the basis of the eventual contract if a bid is accepted. This is distinct from contract documents, which contain the actual contract terms, drawings, specifications, and other conditions that will govern the work once the contract is awarded. Production is not relevant to the bidding process.

3. Which term is associated with rising wages increasing firms' costs and increasing consumers' disposable income?

A. Money Supply

B. Inflation

C. Book Costs

D. Opportunity Costs

Expanding the money supply is a monetary environment where more money is available in the economy. When there's more money circulating, demand tends to rise. Firms may have to bid up wages to attract workers, which increases their wage bills and overall costs. At the same time, consumers hold more money in nominal terms, which raises disposable income in dollars and can boost spending. So, the term that ties together higher wage costs for firms and higher consumers' disposable income is the money supply, since growth in money supply drives the monetary conditions that allow both outcomes to occur.

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4. Which term describes inflation caused by demand pulling ahead of supply?

A. Demand Pull Inflation

B. Cost Push Inflation

C. Inflation

D. Money Supply

Demand-pull inflation happens when demand for goods and services grows faster than the economy's ability to produce them, so prices rise as buyers compete for limited resources. When the economy is expanding and people have more money to spend, producers raise prices to balance the higher demand with available supply. This is different from cost-push inflation, which comes from rising production costs that push prices up regardless of demand. Inflation is the general rise in prices, but the specific scenario described—prices driven by demand outpacing supply—is best labeled demand-pull inflation. Money supply can fuel demand and contribute to inflation, but it's not the term for this pattern by itself.

5. Distributable Cost is best described as

A. A cost item kept in a separate account rather than spread.

B. A cost that can be directly attributed to a particular item.

C. A fixed cost that remains constant.

D. A cost item that is spread over other cost items rather than managed as a separate account.

Distributable cost involves spreading a shared expense across multiple cost items rather than keeping it in a separate, single account. This means the cost is allocated to several items based on a chosen basis (like hours, units produced, or machine time) so each item carries a fair portion of the overhead or shared resource. It's about distribution and allocation, not direct tracing to one item. That's why the description that fits best is a cost item that is spread over other cost items rather than managed as a separate account. A cost that can be directly attributed to a particular item would be a direct cost, not distributable. A fixed cost describes behavior, not distribution. Keeping a cost in a separate account suggests it isn't distributed, which is the opposite of distributable.

6. What is the purpose of forecasting in project management?

A. To analyze the current status of a project and forecast outcomes to take corrective action.

B. To finalize the project scope.

C. To determine the project sponsor.

D. To assign tasks to team members.

Forecasting in project management uses current data to predict future performance and guide decisions. Its purpose is to understand where the project is headed and what will likely happen if current trends continue, so you can take corrective actions to keep the project on track. This matches the idea of analyzing the present status and forecasting outcomes to inform actions taken to address variances in scope, schedule, or cost. Finalizing the project scope, identifying the sponsor, or assigning tasks are important activities, but they belong to scope definition, stakeholder governance, and execution planning rather than forecasting.

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7. Explain the concept of cost-to-serve in service operations.

A. A method to forecast service demand.

B. A method to count service hours only.

C. A method of tracing costs to each customer or service to determine profitability and optimize pricing.

D. A way to allocate costs equally among all customers.

Cost-to-serve focuses on tracing all the resources used to serve a specific customer or service, so you can see the true profitability and set pricing accordingly. It includes direct costs like order processing, handling, delivery, and customer support, plus the allocated overhead tied to serving that customer. By assigning these costs to each customer or service channel (often using activity-based costing), you learn which customers or configurations are most costly and how pricing or service levels should be adjusted to protect margins. This approach goes beyond simply counting hours or spreading costs evenly. Forecasting service demand looks at predicting how much service will be needed, which is about demand planning rather than cost allocation. Counting service hours only misses many other cost drivers. Allocating costs equally among all customers ignores the reality that different customers and service types consume different levels of resources, leading to distorted profitability.

8. Which list contains all six common ways to determine project progress?

A. Incremental milestones; Units completed; Start/Finish; Supervisor opinion; Cost Ratio; Weighted or Equivalent units.

B. Units completed; Start/Finish; Cost Ratio.

C. Earned value; Critical path; Gantt chart; Milestone tracking.

D. Cost variance; Schedule variance; Resource leveling; Risk scoring.

Measuring progress focuses on ways to quantify how much work is actually done relative to what was planned, using a mix of objective and practical indicators. The best list covers six distinct approaches that teams commonly use to gauge progress in cost controls: reaching incremental milestones, counting units completed, tracking by start and finish of activities, using supervisor opinions when hard data isn't available, comparing costs incurred to the budget via a cost ratio, and converting different work elements into weighted or equivalent units so they can be combined into one overall measure. This mix lets you assess progress across different types of work and data availability, from tangible outputs to subjective judgments to cost-based indicators. The other options don't provide the same complete set. They lean more on planning and scheduling tools (like Earned Value, Critical Path, Gantt charts) or on variance and risk metrics, which aren't six distinct progress-determination methods in themselves.

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9. How do you calculate the cost of quality as a percentage of sales?

A. (Prevention + Appraisal + Internal Failure + External Failure) / Sales × 100.

B. (Prevention + Appraisal) / Sales × 100.

C. (Internal + External) / COGS × 100.

D. (Total quality costs) / Net income × 100.

Cost of quality as a percentage of sales is found by adding all quality-related costs—prevention, appraisal, internal failure, and external failure—then dividing that total by sales and multiplying by 100. This approach captures every effort to build quality and every cost that arises when quality problems occur, all in relation to the revenue from selling the product or service. Prevention costs cover activities that stop defects, like training and process improvements. Appraisal costs include inspection and testing to detect defects. Internal failure costs are the costs of defects found before delivery, such as rework or scrap. External failure costs happen after delivery, including warranty work and returns. Taking the sum of these four types and dividing by sales shows how much quality-related spending occurs per unit of revenue, which is why this method is the correct one. The other options fall short because they omit one or more cost types, or use an inappropriate denominator such as COGS or net income, which would not accurately reflect the cost of quality as a portion of sales.

10. Which term refers to the contract documents collection including the contract forms, general and specific conditions, drawings, specifications, and addenda describing the project scope and contract terms?

A. Bid Documents

B. Escalation

C. Contingency

D. Contract Documents

Contract Documents are the collection that defines the project scope and contract terms through contract forms, general and specific conditions, drawings, specifications, and addenda. They provide the legal and technical framework for the work and are binding once the contract is signed. Bid Documents are used to solicit bids and may include drawings and specifications, but they are not the binding contract package. Escalation and Contingency refer to price adjustments and budget reserves, not to the set of documents that describes scope and terms.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

https://costcontrols.examzify.com

We wish you the very best on your exam journey. You've got this!

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