FLORIDA GENERAL CONTRACTOR PRACTICE EXAM (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. For a construction project, which of the following is a primary purpose of a bid?

A. To establish a project timeline

B. To secure financing for the project

C. To provide a cost estimate for the project

D. To determine project personnel

2. Which type of accounting method records revenues and expenses when they are incurred, regardless of when cash is exchanged?

A. Cash Basis

B. Accrual Basis

C. Modified Cash Basis

D. Hybrid Accounting

3. What financial statement summarizes a company's assets, liabilities, and equity at a specific point in time?

A. Income Statement

B. Cash Flow Statement

C. Balance Sheet

D. Statement of Changes in Equity

4. What does an unfavorable bad debt trend indicate?

A. Increasing profitability

B. Growing losses from uncollectible accounts

C. Improving customer relationships

D. Steady cash flow

5. What is the recommended way to allocate fixed overhead?

A. Based on sales volume alone

B. Evenly across all products

C. According to usage of each resource

D. Using a historical cost approach

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6. What does the term net worth refer to?

A. Income minus expenses

B. Total assets minus total liabilities

C. Annual revenue

D. Capital gains on investments

7. Which type of employer is required to maintain OSHA records?

A. All employers regardless of the number of employees

B. Only employers in high-risk industries

C. Employers with 10 or more employees

D. Employers with more than 50 employees

8. If a contractor performs work known to be contrary to the law without notifying the architect, who assumes responsibility?

A. Owner

B. Contractor

C. Architect

D. Engineer

9. What is the actual interest rate on a loan amounting to 100,000 at an interest rate of 12% with 4 points?

A. 10%

B. 12%

C. 14%

D. 16%

10. If a new truck costs $20,000 cash, has a maintenance cost of $100 per month, and fuel costs of $0.16 per mile driven (20,000 miles per year) with a salvage value of $5,000 after 5 years, what is the total cost of the truck over its lifespan?

A. $25,000

B. $24,000

C. $32,000

D. $30,000

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Answers

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

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Explanations

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1. For a construction project, which of the following is a primary purpose of a bid?

A. To establish a project timeline

B. To secure financing for the project

C. To provide a cost estimate for the project

D. To determine project personnel

A primary purpose of a bid in a construction project is to provide a cost estimate for the project. This cost estimate outlines how much the contractor believes the project will cost based on their calculations, taking into account materials, labor, overhead, and other expenses. A bid gives the client an understanding of the financial aspect of the project, which is crucial for their decision-making process. When contractors submit their bids, they are competing for the job by presenting their pricing, experience, and approach to the work, which ultimately helps clients assess which contractor can best meet their needs within their budget. While establishing a timeline and determining project personnel are important aspects of project planning and implementation, they are secondary to the main function of the bid, which is to communicate the anticipated costs associated with the construction work. Securing financing may also be a concern, but it typically comes after the bid process and is contingent on the costs presented in the bid.

2. Which type of accounting method records revenues and expenses when they are incurred, regardless of when cash is exchanged?

A. Cash Basis

B. Accrual Basis

C. Modified Cash Basis

D. Hybrid Accounting

The accrual basis of accounting is recognized for recording revenues and expenses when they are incurred, regardless of when cash transactions occur. This method aligns income and expenses with the period in which they are earned or incurred, which provides a more accurate representation of an entity's financial performance and position. By utilizing the accrual basis, businesses can better match revenues to the expenses incurred in generating those revenues during the same accounting period. This practice allows stakeholders to assess the company's financial health without being misled by timing differences created by cash transactions. In contrast, the cash basis method records transactions when cash changes hands, which can lead to a distortion of financial performance over time, particularly for businesses that have significant credit transactions. The modified cash basis and hybrid accounting can mix elements of both cash and accrual methods, but they do not consistently allocate revenues and expenses as the accrual basis does. Thus, the accrual basis is the most appropriate answer for this question.

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3. What financial statement summarizes a company's assets, liabilities, and equity at a specific point in time?

A. Income Statement

B. Cash Flow Statement

C. Balance Sheet

D. Statement of Changes in Equity

The correct choice is the Balance Sheet, as it is specifically designed to provide a snapshot of a company's financial position at a particular moment in time. This statement details the company's assets, which are what it owns; liabilities, which are what it owes; and equity, which represents the ownership stake in the company. By balancing these elements (i.e., assets = liabilities + equity), a balance sheet offers a clear view of financial health and stability, allowing stakeholders to assess the company's financial leverage and cash management. In contrast, the Income Statement focuses on a company's revenues and expenses over a period of time, providing insight into its operational performance but not its financial position at a specific point. The Cash Flow Statement tracks the inflows and outflows of cash, illustrating how well a company can manage its cash effectively but does not summarize assets, liabilities, and equity. Lastly, the Statement of Changes in Equity details the movements in equity during a certain period, including new investments and retained earnings, but it does not encapsulate the entire financial status with a singular snapshot like the balance sheet does.

4. What does an unfavorable bad debt trend indicate?

A. Increasing profitability

B. Growing losses from uncollectible accounts

C. Improving customer relationships

D. Steady cash flow

An unfavorable bad debt trend indicates growing losses from uncollectible accounts. This trend signifies that a business is having difficulty collecting payments from customers, leading to an increase in accounts classified as bad debts. As the amount of uncollectible accounts rises, it suggests that the company may be extending credit too liberally or that customers' financial health is declining. This situation can ultimately erode profit margins, as the business has to write off these debts, reflecting poorly on financial health and operational efficiency. Understanding the implications of a bad debt trend is crucial for managing a company's finances and ensuring that credit policies are appropriate for the risks being taken.

5. What is the recommended way to allocate fixed overhead?

A. Based on sales volume alone

B. Evenly across all products

C. According to usage of each resource

D. Using a historical cost approach

Allocating fixed overhead evenly across all products is often recommended because it simplifies the cost allocation process and ensures that each product bears an equal share of the overhead costs. This method assumes that fixed costs are incurred uniformly regardless of production levels. By distributing these costs evenly, a company can maintain consistency in pricing and help prevent fluctuations in profitability caused by variations in production volumes. This approach is particularly useful in a stable production environment where the products share similar production processes and resources. Other methods of allocation, such as basing it solely on sales volume or historical costs, may lead to skewed results, as they do not necessarily reflect the actual resource consumption by each product. Additionally, allocating based on usage of each resource may complicate the process and require detailed tracking of resource use, which may not always be feasible. Therefore, the even allocation method provides a straightforward and efficient means of managing fixed overhead costs.

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6. What does the term net worth refer to?

A. Income minus expenses

B. Total assets minus total liabilities

C. Annual revenue

D. Capital gains on investments

The term net worth is defined as the total value of an individual's or a business's assets after all liabilities have been subtracted. This means that net worth provides a snapshot of financial health, revealing what is owned (assets) versus what is owed (liabilities) at a specific point in time. For instance, if a contractor has assets such as cash, equipment, and property valued at $500,000 and owes $200,000 in loans and liabilities, the net worth would be calculated as $500,000 (assets) minus $200,000 (liabilities), resulting in a net worth of $300,000. This concept is crucial for contractors and businesses as it helps assess financial stability, which can impact decisions related to credit, investments, and overall financial planning. In contrast, terms like income minus expenses refers to profit or loss over a period, annual revenue represents total earnings without accounting for costs, and capital gains focus specifically on the profits made from the sale of assets rather than an overall financial picture.

7. Which type of employer is required to maintain OSHA records?

A. All employers regardless of the number of employees

B. Only employers in high-risk industries

C. Employers with 10 or more employees

D. Employers with more than 50 employees

The correct choice reflects OSHA's regulations that mandate certain employers to maintain injury and illness records. Specifically, employers with 10 or more employees are required to keep these records, primarily to ensure workplace safety and health standards are maintained. This regulation allows OSHA to track and evaluate workplace conditions, allowing them to identify trends and mitigate risks. Employers with fewer than 10 employees are usually exempt from this record-keeping requirement, as their incidents may not significantly influence overall workplace safety metrics. Additionally, while it is true that high-risk industries are closely monitored and may have more stringent requirements, the general guideline established by OSHA applies more broadly to any employer with the specified minimum number of employees. Thus, the focus on the number of employees rather than the industry type clarifies the necessity of maintaining these records for compliance and assessment of workplace safety.

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8. If a contractor performs work known to be contrary to the law without notifying the architect, who assumes responsibility?

A. Owner

B. Contractor

C. Architect

D. Engineer

The contractor is held responsible because they are expected to have knowledge of applicable laws and regulations governing their work. When a contractor knowingly performs work that violates legal codes or standards, it is their duty to inform the architect or any relevant parties involved in the project. The contractor's role includes ensuring compliance with legal requirements; this responsibility cannot be delegated. In this scenario, if the contractor proceeds with work that they are aware is against the law, they are acting outside the bounds of their professional responsibilities. The architect is not liable for the contractor's actions unless the architect was involved in the decisions related to the unlawfulness of the work. The owner usually holds a more passive role concerning the day-to-day decisions and actions of the contractor and would not be held responsible for a breach of law perpetrated by the contractor. Similarly, the engineer's responsibility typically lies within their scope of work, and unless they were part of the decision-making process regarding that specific work, they would not be liable either. Hence, the contractor remains responsible for illegal work conducted without proper notification to the architect.

9. What is the actual interest rate on a loan amounting to 100,000 at an interest rate of 12% with 4 points?

A. 10%

B. 12%

C. 14%

D. 16%

To determine the actual interest rate on a loan, you need to account for both the nominal interest rate and any fees associated with the loan, which are expressed as points. In this case, the loan amount is $100,000 at a nominal interest rate of 12%, and there are 4 points. Points are fees that lenders charge at closing and typically represent a percentage of the loan amount. One point is equal to 1% of the loan amount. Therefore, 4 points would amount to 4% of $100,000, which equals $4,000. When considering the annualized cost of the loan, this fee must be factored into the effective interest rate. The borrower receives $100,000 but pays back more than this nominal amount due to the points. The adjusted loan amount the borrower effectively receives is $96,000 ($100,000 - $4,000). Given the borrower's obligation to pay back the $100,000 amount, this results in a higher effective interest rate than the nominal 12%. Calculating the effective interest rate involves considering the total interest paid over the actual amount received. When this is computed, the effective interest rate comes to approximately 12.5%, which would

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10. If a new truck costs $20,000 cash, has a maintenance cost of $100 per month, and fuel costs of $0.16 per mile driven (20,000 miles per year) with a salvage value of $5,000 after 5 years, what is the total cost of the truck over its lifespan?

A. $25,000

B. $24,000

C. $32,000

D. $30,000

*To determine the total cost of the truck over its lifespan, we need to calculate several factors including the initial purchase price, maintenance costs, fuel costs, and the salvage value at the end of five years. 1. **Initial Cost**: The truck costs $20,000 cash. 2. **Maintenance Costs**: The maintenance cost is $100 per month. Over one year, that equals $1,200 ($100 x 12). Over five years, the total maintenance cost will be $1,200 x 5 = $6,000. 3. **Fuel Costs**: The fuel cost is $0.16 per mile driven, and the truck will be driven 20,000 miles per year. This results in an annual fuel cost of $3,200 ($0.16 x 20,000). Over five years, this totals $3,200 x 5 = $16,000. 4. **Salvage Value**: After five years, the salvage value of the truck is $5,000. Now, we need to calculate the total cost over the lifespan, which includes the initial purchase, total maintenance, and total fuel costs, minus the salvage value: - Total Costs = Initial Cost +*

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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://floridagencontractor.examzify.com

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

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