



## NASCLA Contractors Guide to Business, Law, and Project Management, Basic 12<sup>th</sup> Edition

### Sample Questions

1. A job commences on Wednesday, January 3<sup>rd</sup>. It is scheduled to be completed on January 19<sup>th</sup> of the same year. Including weekends, the job was completed on January 15<sup>th</sup>. There are \_\_\_\_\_ days of float.
  - A. 7
  - B. 6
  - C. 5
  - D. 4
2. What is the average collection period ratio for a firm that has \$400,000 in annual revenues, \$7,600 in current receivables, and net income of \$42,000? (Select the closet answer).
  - A. 5.87
  - B. 6.39
  - C. 6.93
  - D. 7.54
3. A lump sum contract on a project has a total contract price of \$260,000. Retainage has been held back at 10%. The contractor has received progress payments for 75% of the project. The contractor submits a request for final payment for \_\_\_\_\_.
  - A. More than \$80,000
  - B. Less than \$50,000
  - C. Between \$50,001 and \$60,000
  - D. Between \$60,001 and \$70,000
4. 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 is \_\_\_\_\_.
  - A. 1/4
  - B. 4/1
  - C. 7/1
  - D. 1/7

5. What is the total overhead for a project that last 4 months and has the following costs?

- Labor \$5,000 per month
- Materials \$10,000 per month
- Equipment rentals \$2,000 per month
- Superintendent's salary \$40,000 annually
- Office rent \$500 per month
- Office utilities \$400 per month

- A. Between \$12,000 and \$16,000
- B. Less than \$12,000
- C. Between \$16,000 and \$20,000
- D. More than \$20,000

6. \_\_\_\_\_ is the return on total assets if there is a net profit (after taxes) of \$16,000 and total assets of \$48,000.

- A. 1/1
- B. 3/1
- C. 1/3
- D. 3/3

7. A contractor pays a workers' compensation rate of \$0.10 per \$100 of office employee payroll, \$2.00 per \$100 of 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 \$1,300.00 and \$1,700.00
- C. Between \$1,700.00 and \$1,900.00
- D. More than \$2,000.00

8. 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

9. The gross pay of a non-exempt employee who works 50 hours during a holiday week and receives 8 hours additional pay for the holiday \_\_\_\_\_. The employee earns \$13.50 per hour.

- A. \$837.50
- B. \$850.50
- C. \$985.50
- D. \$995.50

10. What is the bid for the following when there is combined profit and overhead of 30%?

- 10 units at \$75.00 each
- 20 units at \$200.00 each
- 30 units at \$290.00 each

- A. \$13,450
- B. \$16,379
- C. \$19,214
- D. \$22,841

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## Answer Key

<u>Answer</u>	<u>Page# / Solution</u>
1. D	8-2
2. C	13-6 Formula Step 1: Revenue ÷ Days in Business Year = Sales per Day Formula Step 2: Current Receivables ÷ Sales per Day = Average Collection Period Step 1: $\$400,000 \div 365 = \$1,095.89$ Step 2: $\$7,600 \div \$1,096 = 6.93$
3. A	13-11 $\$260,000 - .75 * (\$260,000) - .10 * (.75) * (\$260,000) = \$175,500$ RFP for 75% billed Remaining for final payment = $\$260,000 - \$175,500 = \$84,500$
4. B	13-6 (Current Assets – Inventory) / Current Liabilities = Quick Ratio $(\$28,000 - \$4,000) / \$6,000 = 4/1$
5. A	6-6 The only project overhead expense would be the salary of the superintendent. $\$40,000/12 = \$3,333.33 \times 4 \text{ months} = \$13,333.33$
6. C	13-7 Net Profit (after taxes) / Total Assets = Return on Total Assets $\$16,000 / \$48,000 = 1/3$
7. D	$\$0.10 \times \$35,000 = \$3,500$ (based on 100) $\$3,500/100 = \$35.00$ (office payroll premium) $\$2.00 \times \$58,000 = \$116,000 / 100 = \$1,160.00$ (Field S) $\$0.36 \times \$325,000 = \$117,000 / 100 = \$1,170$ (Field E) $\$35.00 + \$1,160.00 + \$1,170.00 = \$2,365.00 - 5\% * (\$2,365.00) = \$2,246.75$
8. A	$\$2,800 - \$600 = \$2,200$
9. B	$\$13.50 \times 40 = \$540.00$ $\$13.50 \times 8 = \$108.00$ $\$13.50 \times 1.5 \times 10 = \$202.50$ $\$540.00 + \$108.00 + \$202.50 = \$850.00$
10. C	$10 \times \$75 = \$750$ $20 \times \$200 = \$4000$ $30 \times \$290 = \$8700$ $\$750 + \$4000 + \$8700 = \$13,450$ $\$13,450/.70 = \$19,214$