

Florida General Contractor Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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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.

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!

Questions

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- 1. What is one advantage of a regular corporation?**
 - A. Unlimited personal liability for shareholders**
 - B. Ease of raising capital through stock sales**
 - C. Less regulatory oversight compared to sole proprietorships**
 - D. Immediate tax benefits upon formation**

- 2. Bob's financial statement that reflects his equity in the company is known as what?**
 - A. Balance Sheet**
 - B. Income Statement**
 - C. Cash Flow Statement**
 - D. Statement of Changes in Equity**

- 3. A company's bills that are mailed out but unpaid along with bills that a company owes are referred to as what?**
 - A. Accounts Receivable**
 - B. Accounts Payable**
 - C. Current Liabilities**
 - D. Outstanding Debts**

- 4. A construction company recognizes income only on the portion of money received or charges that are billed for completed work. What is this method called?**
 - A. Cash Basis Accounting**
 - B. Accrual Accounting**
 - C. Deferral Accounting**
 - D. Completion Accounting**

- 5. What is generally assessed during the process of change order evaluations?**
 - A. Future job bids**
 - B. Material availability**
 - C. Labor productivity**
 - D. Overall project impact**

6. According to the contractor's manual, when is a construction project scheduled to begin?

- A. At the contractor's discretion**
- B. Following the issuance of the final invoice**
- C. As per the mutually agreed terms in the contract**
- D. Immediately after procurement of materials**

7. What cash budget preparation method is recommended for builders with wide variations in monthly income?

- A. Historical method**
- B. Zero-based budgeting**
- C. Predictive analytics**
- D. Value method**

8. What is the recognized value of a completed contract method of accounting on a total contract of 500,000 with a percentage of completion at 86%?

- A. 430,000**
- B. 500,000**
- C. 86,000**
- D. 100,000**

9. How many days do businesses have to file an Application for Employer Identification Number with the IRS?

- A. 5 days**
- B. 10 days**
- C. 15 days**
- D. 30 days**

10. In financial terms, what does 'liability' refer to?

- A. Obligations owed by the company**
- B. Revenue generated from sales**
- C. Assets owned by the company**
- D. The net profit of a business**

Answers

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

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Explanations

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1. What is one advantage of a regular corporation?

- A. Unlimited personal liability for shareholders
- B. Ease of raising capital through stock sales**
- C. Less regulatory oversight compared to sole proprietorships
- D. Immediate tax benefits upon formation

Raising capital through stock sales is a significant advantage of a regular corporation. As a corporation can issue shares of stock, it is able to attract investors who want to purchase these shares as a means of investing in the company's future growth. This ability to offer equity stakes enables corporations to gather substantial funds, which can be used for expansion, operations, and other business needs. Furthermore, the structure of a corporation provides a level of credibility and stability that may encourage more investors to contribute capital compared to other business forms. This capacity to effectively raise capital is vital for business growth and pursuing opportunities that may not otherwise be available with limited funding sources. In contrast, the other options present disadvantages or different contexts that do not apply to a regular corporation's strengths in capital formation. For example, unlimited personal liability pertains to sole proprietorships and partnerships rather than corporations, where shareholders enjoy limited liability. Additionally, regulatory oversight tends to be more extensive for corporations compared to other forms of business, like sole proprietorships, and immediate tax benefits are typically more associated with specific tax strategies rather than a general characteristic of corporations.

2. Bob's financial statement that reflects his equity in the company is known as what?

- A. Balance Sheet**
- B. Income Statement
- C. Cash Flow Statement
- D. Statement of Changes in Equity

The financial statement that reflects Bob's equity in the company is the balance sheet. This statement provides a snapshot of the company's financial position at a specific point in time, detailing assets, liabilities, and equity. The equity section of the balance sheet is crucial as it shows the owners' value stake in the company after all liabilities have been deducted from assets. The balance sheet organizes the company's financial information into a clear structure, where the equation $\text{Assets} = \text{Liabilities} + \text{Equity}$ holds true. This allows stakeholders, including the owner, investors, and creditors, to assess the overall financial health and equity position of the business. In contrast, an income statement measures the company's performance over a specific period, detailing revenues and expenses to result in net income or loss, but it does not provide a snapshot of equity. The cash flow statement focuses on cash inflows and outflows, providing insights into liquidity rather than ownership equity. Lastly, the statement of changes in equity specifically tracks changes in equity accounts but is not the primary statement that presents total equity alongside assets and liabilities. Thus, the balance sheet is the most comprehensive choice for reflecting Bob's equity in the company.

3. A company's bills that are mailed out but unpaid along with bills that a company owes are referred to as what?

- A. Accounts Receivable**
- B. Accounts Payable**
- C. Current Liabilities**
- D. Outstanding Debts**

The correct answer is that the company's bills that are mailed out but unpaid, as well as bills that the company owes, are referred to as Accounts Payable. This term specifically describes the liabilities that a company has incurred but has not yet settled, typically in the form of unpaid invoices for goods or services received. Accounts Payable is a crucial aspect of a company's balance sheet, representing money owed to suppliers and vendors. It reflects an organization's short-term obligations, illustrating its commitment to fulfill these debts in the future. This classification helps businesses manage cash flow and budgeting, ensuring that they maintain a healthy financial status by tracking what they owe. Knowing the distinction between Accounts Payable and other financial terms aids in understanding a company's financial health. For instance, Accounts Receivable refers to money that customers owe the business, while Current Liabilities encompass a broader category that includes all short-term debts, and Outstanding Debts can be a more generic term that may not specifically refer to accounts payable. Understanding these terms is essential for effective financial management in the contracting business.

4. A construction company recognizes income only on the portion of money received or charges that are billed for completed work. What is this method called?

- A. Cash Basis Accounting**
- B. Accrual Accounting**
- C. Deferral Accounting**
- D. Completion Accounting**

The method of recognizing income only on the portion of money received or charges for completed work is known as Cash Basis Accounting. In this accounting method, revenue is recognized when cash is actually received, rather than when it is earned through the completion of work or services. This means that if a construction company only acknowledges income when clients pay for the work done, it aligns with the principles of cash basis accounting. By using this method, businesses can effectively manage their cash flow, as it allows them to track only the actual funds available at any given time. This approach is particularly common among smaller businesses and those that deal with cash transactions frequently. It contrasts with other methods like Accrual Accounting, which recognizes income when it is earned, regardless of when cash is received.

5. What is generally assessed during the process of change order evaluations?

- A. Future job bids**
- B. Material availability**
- C. Labor productivity**
- D. Overall project impact**

During change order evaluations, the primary focus is on the overall project impact. Change orders can significantly affect the project's timeline, budget, and scope. Evaluating the overall project impact involves analyzing how the proposed changes will alter the completion date, the distribution of resources, and the final project costs. Understanding the overall impact helps in making informed decisions about whether to approve the changes, renegotiate terms, or find alternative solutions. It ensures that all stakeholders are aware of the consequences associated with the changes and align their expectations accordingly. The assessment also includes considerations such as how changes may disrupt current workflows, the influence on project phases, and if additional funding will be required to accommodate these changes effectively. By focusing on the overall project impact, contractors can better manage the complexity that arises from adjusting the original plans and maintain the project's integrity and success.

6. According to the contractor's manual, when is a construction project scheduled to begin?

- A. At the contractor's discretion**
- B. Following the issuance of the final invoice**
- C. As per the mutually agreed terms in the contract**
- D. Immediately after procurement of materials**

The correct answer emphasizes that a construction project is scheduled to begin according to the mutually agreed terms established in the contract. This approach is crucial because it ensures that both the contractor and the client have a clear understanding of the project timeline, expectations, and responsibilities. By adhering to the terms laid out in the contract, which may include start dates, project milestones, and other logistical considerations, both parties can work collaboratively and avoid potential disputes. Contracts typically outline important details, such as the start date, conditions that must be met before work can commence, and allowances for any contingencies that might affect scheduling. Establishing a definitive starting point within these agreed-upon terms helps streamline the project's overall execution and fosters accountability. The other options lack the structured agreement typically necessary in construction projects. Notably, relying solely on the contractor's discretion or the immediate procurement of materials lacks the formal agreement often required to address various project factors. Additionally, waiting for the final invoice to define when a project begins could lead to significant delays and misunderstandings regarding project readiness and scope.

7. What cash budget preparation method is recommended for builders with wide variations in monthly income?

- A. Historical method**
- B. Zero-based budgeting**
- C. Predictive analytics**
- D. Value method**

The value method is particularly advantageous for builders experiencing wide variations in monthly income because it focuses on establishing priorities based on the expected return or value associated with various projects and expenditures. This method allows builders to allocate resources more effectively, adjusting spending based on the financial performance or potential of different construction projects. In circumstances where income fluctuates dramatically, having a flexible budget helps in making informed decisions about where to invest money and how to manage cash flow. This prioritization can lead to better financial stability as it allows builders to respond dynamically to changing economic conditions and project timelines. Other methods, such as the historical method, might not adequately account for the instability in incoming cash flows since they typically rely on past financial performance to inform future budgeting. Predictive analytics can provide insights but may not adapt swiftly to real-time financial shifts. Zero-based budgeting requires justification for all expenses, which can be cumbersome and may not align well with the immediate financial needs of builders facing variable income.

8. What is the recognized value of a completed contract method of accounting on a total contract of 500,000 with a percentage of completion at 86%?

- A. 430,000**
- B. 500,000**
- C. 86,000**
- D. 100,000**

The value of a completed contract method of accounting focuses on recognizing revenue only when a contract is fully completed. In this context, 86% completion of a contract valued at \$500,000 would lead to recognizing revenue based on that percentage. However, in this question, the key aspect is that under the completed contract method, revenue doesn't get recognized until the project is entirely finished. This means that regardless of how much of the contract is completed, the recognized value at any partial completion under this method remains at zero until the last stage is reached. Considering this, if the accounting method were based on the percentage of completion (which is different from completed contract accounting), the recognized value might be 430,000 (which is calculated as \$500,000 multiplied by 86%). But since this question focuses on the completed contract method, under that method, what truly is *recognized* or reported for this contract would be zero until completion. Therefore, the presented answer of 430,000 does not apply to the recognized value under the completed contract method, as that value applies in a different accounting method. When using the percentage of completion method, recognizing revenue correlates directly with the completion progress, leading to a recognized value of \$430,000

9. How many days do businesses have to file an Application for Employer Identification Number with the IRS?

- A. 5 days**
- B. 10 days**
- C. 15 days**
- D. 30 days**

Businesses have 30 days to file an Application for Employer Identification Number (EIN) with the IRS after they become eligible. This timeframe is important because obtaining an EIN is crucial for a business to legally operate, hire employees, and manage tax obligations. The 30-day window ensures that businesses can quickly establish their identity for tax purposes, allowing them to comply with federal regulations concerning employment and taxation. Filing within this period helps avoid any potential delays in obtaining necessary licenses or permits that often require an EIN. This period is designed to streamline the process of setting up a business and getting it running effectively.

10. In financial terms, what does 'liability' refer to?

- A. Obligations owed by the company**
- B. Revenue generated from sales**
- C. Assets owned by the company**
- D. The net profit of a business**

The term 'liability' in financial contexts specifically refers to obligations that a company is required to settle in the future. This includes debts and financial commitments like loans, accounts payable, mortgages, and any other obligations that must be fulfilled. Understanding this concept is fundamental for evaluating a company's financial health, as liabilities are critical components in assessing a business's balance sheet. When liabilities increase, it can indicate that a company is taking on more debt, which could impact its liquidity and solvency. Conversely, managing liabilities effectively is important for maintaining a good credit score and ensuring that the company can meet its obligations without difficulty. This distinguishes liabilities from other financial terms such as revenue, which relates to income generated from sales, assets, which represent what the company owns, and net profit, which indicates the company's profitability after all expenses are deducted.

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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