

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.

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 prepared document provides current information about the revenue due to a company?**
 - A. Cash flow statement
 - B. Accounts receivable ledger
 - C. Revenue recognition statement
 - D. Budget report
- 2. Who is typically eligible for a SBA loan?**
 - A. Only individuals with a high credit score
 - B. All non-profit organizations
 - C. Small businesses meeting size standards
 - D. Only newly established businesses
- 3. Which term describes the owner's share of the assets of a business after deducting liabilities?**
 - A. Revenue
 - B. Liability
 - C. Equity
 - D. Expense
- 4. Premiums for builder's risk insurance are primarily based on which factor?**
 - A. Type of construction
 - B. Contractor's experience
 - C. Total construction cost
 - D. Location of the project
- 5. What is the work efficiency ratio if a construction crew's actual working hours are 160 and the industry standard hours are 152?**
 - A. 95%
 - B. 105%
 - C. 110%
 - D. 115%

- 6. What term is used when submitting a contract that adds a higher percentage of estimating costs in the early phases and a lower percentage as the project nears completion?**
- A. Progressive estimation
 - B. Cost loading
 - C. Cost-plus contract
 - D. Sliding scale
- 7. When estimating job costs, according to the Builder's Guide to Accounting, which item is typically excluded?**
- A. Labor costs
 - B. Overhead costs
 - C. Profit margin
 - D. Internal administrative expenses
- 8. What is the term for an item that you pay for first and recognize later?**
- A. Prepaid expense
 - B. Accrual
 - C. Deferred revenue
 - D. Outstanding liability
- 9. What is a potential disadvantage of network analysis in project management?**
- A. It is time-consuming to create.
 - B. All parties must be present for completion.
 - C. Requires advanced technical skills.
 - D. It can misrepresent project timelines.
- 10. When calculating net worth, which two financial figures are primarily compared?**
- A. Total assets and total liabilities
 - B. Revenues and expenses
 - C. Current assets and income
 - D. Equity and debt

Answers

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

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Explanations

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1. What prepared document provides current information about the revenue due to a company?

- A. Cash flow statement
- B. Accounts receivable ledger**
- C. Revenue recognition statement
- D. Budget report

The accounts receivable ledger is the prepared document that provides current information about the revenue due to a company. This ledger details all outstanding invoices and the amounts owed to the company by its customers. By tracking these receivables, a company can clearly see the revenue that is expected to be collected, which is critical for assessing the financial health and cash flow of the business. In contrast, while a cash flow statement summarizes the inflows and outflows of cash over a period, it does not provide a detailed account of specific revenues due. A revenue recognition statement focuses on the principles governing when revenue should be recognized, rather than detailing actual amounts receivable. A budget report outlines projected revenues and expenditures, typically in a future context, rather than current amounts due to the company. Each of these documents serves distinct purposes in financial reporting, but the accounts receivable ledger is specifically designed to track current outstanding revenue.

2. Who is typically eligible for a SBA loan?

- A. Only individuals with a high credit score
- B. All non-profit organizations
- C. Small businesses meeting size standards**
- D. Only newly established businesses

Eligibility for a Small Business Administration (SBA) loan primarily hinges on whether a business qualifies as a small business according to the SBA's size standards. These standards take into account the business's average annual receipts, its number of employees, and the industry in which it operates. As long as the small business meets these criteria, it can apply for an SBA loan regardless of its credit score, age, or nonprofit status. The reasoning behind this eligibility is to ensure that the loan assistance provided by the SBA effectively supports the growth and sustainability of small businesses, which are vital to the economy. Small businesses often face challenges in accessing capital through traditional lending avenues, and SBA loans are designed to bridge that gap. Other options, like individuals with high credit scores, non-profit organizations, or solely newly established businesses, do not fit the broader scope of eligibility criteria. While good credit may be an asset in the application process, it is not a strict requirement. Similarly, nonprofits are generally not eligible for these types of loans, and established businesses can just as easily apply as newly formed ventures, as long as they meet the SBA's small business criteria.

3. Which term describes the owner's share of the assets of a business after deducting liabilities?

- A. Revenue
- B. Liability
- C. Equity**
- D. Expense

The term that describes the owner's share of the assets of a business after deducting liabilities is equity. Equity represents the ownership interest in the business and is calculated as the difference between total assets and total liabilities. In simpler terms, it reflects what the owners truly own outright after the debts of the business have been paid. To elaborate further, equity can take various forms, including common stock, retained earnings, and additional paid-in capital. It is important for both financial reporting and understanding the financial health of a business since it indicates how much value shareholders would receive if the business were to be liquidated and all debts settled. Understanding equity is crucial for general contractors as it can impact financing options and investment strategies. Recognizing the relationship between assets, liabilities, and equity helps in making informed financial decisions that can affect the overall profitability and sustainability of a business.

4. Premiums for builder's risk insurance are primarily based on which factor?

- A. Type of construction
- B. Contractor's experience
- C. Total construction cost**
- D. Location of the project

Builder's risk insurance is a specialized type of property insurance that provides coverage for buildings under construction against various risks, such as fire, theft, and weather-related damages. The premiums for this insurance are primarily determined by the total construction cost because this figure reflects the overall value of the project that needs to be insured. When calculating insurance premiums, insurers assess the potential exposure to risk associated with covering the full construction amount. Higher total construction costs generally lead to higher premiums, as there is more monetary value at stake in the event of a loss. This means that, as the scope and complexity of the project increase—ultimately raising the total cost of construction—the premiums for builder's risk insurance will correspondingly increase to account for the heightened risk. While other factors like the type of construction, the contractor's experience, and the location of the project can influence the overall risk profile, the total construction cost remains the primary basis upon which premiums are calculated.

5. What is the work efficiency ratio if a construction crew's actual working hours are 160 and the industry standard hours are 152?

- A. 95%
- B. 105%**
- C. 110%
- D. 115%

To determine the work efficiency ratio, you calculate it by taking the actual working hours and dividing them by the industry standard hours, then multiplying by 100 to express it as a percentage. In this case, the actual working hours are 160, and the standard hours are 152. The formula for calculating the work efficiency ratio is: $\text{Work Efficiency Ratio} = (\text{Actual Working Hours} / \text{Industry Standard Hours}) \times 100$. Plugging in the values gives you: $\text{Work Efficiency Ratio} = (160 / 152) \times 100$. This equals approximately 105.26%, which is usually rounded to 105%. A work efficiency ratio greater than 100% indicates that the crew is operating more efficiently than the industry standard, providing reassurance that productivity is meeting or exceeding expectations. Therefore, recognizing that the actual output exceeds the set standards is crucial for understanding how effectively a construction crew is working.

6. What term is used when submitting a contract that adds a higher percentage of estimating costs in the early phases and a lower percentage as the project nears completion?

- A. Progressive estimation
- B. Cost loading**
- C. Cost-plus contract
- D. Sliding scale

The term "cost loading" refers to the practice of distributing project costs in a structured manner over the life of a construction project. In this method, higher percentages of estimating costs are assigned during the initial phases of the project when uncertainties and risks are typically greater. As the project progresses and more information becomes available, including resolved uncertainties and a clearer understanding of project requirements, the percentage of costs attributed to the final phases decreases. This approach is particularly beneficial in construction management as it allows for a more realistic distribution of financial resources, reflecting the evolving nature of project conditions. As initial phases may carry more risks and therefore warrant higher cost allowances, transitioning to lower percentages as project completion approaches reflects more confidence in cost accuracy and project execution. This helps contractors better manage cash flow and budget allocations throughout the project lifecycle. In contrast, other terms, such as "progressive estimation," would imply a different method of assessing project costs continuously rather than stratifying costs by phases. "Cost-plus contracts" involve billing clients for all construction-related expenses plus a fee, without necessarily addressing the timeline of cost allocation. "Sliding scale" could suggest variations based on changing project needs but does not specifically indicate the breakdown of costs over time in the way cost loading does.

7. When estimating job costs, according to the Builder's Guide to Accounting, which item is typically excluded?

- A. Labor costs
- B. Overhead costs
- C. Profit margin

D. Internal administrative expenses

In construction job costing, internal administrative expenses are typically excluded from the direct job cost estimates. These expenses encompass costs associated with running the business, such as salaries for office staff, utilities, and administrative supplies that are not directly tied to a specific construction project. When estimating job costs, the focus is primarily on direct costs that can be attributed directly to the project, which include labor costs, overhead costs specifically related to execution, and the anticipated profit margin. Labor costs cover wages for workers directly involved in the project, while overhead costs might include things like materials, subcontractor fees, and equipment rental essential for the project. The profit margin represents the amount the contractor expects to earn from the job after covering direct costs. Including internal administrative expenses in job cost estimates would distort the actual costs of delivering the construction services, making it harder for contractors to assess the true profitability of individual projects. Thus, excluding these expenses allows for a clearer understanding of the direct costs associated with a specific job, leading to more accurate bidding and financial management practices.

8. What is the term for an item that you pay for first and recognize later?

- A. Prepaid expense**
- B. Accrual
- C. Deferred revenue
- D. Outstanding liability

The term "prepaid expense" refers to a payment made in advance for goods or services that will be received in the future. In accounting, this concept represents an asset on the balance sheet because it signifies the right to receive benefits in future periods. By paying for an item upfront, the expense is recognized later as the services or goods are consumed or received. This aligns with the matching principle in accounting, which states that expenses should be recognized in the period when the related benefits are realized. In contrast, other terms in the choices pertain to different accounting treatments. Accrual refers to revenues or expenses that are recognized before cash changes hands, thus not fitting the definition given. Deferred revenue, on the other hand, signifies money received in advance for services yet to be performed or goods yet to be delivered, which also doesn't match the description. Outstanding liability involves obligations that a company currently owes, typically representing money owed to others, which differs from an initial payment made for future benefits.

9. What is a potential disadvantage of network analysis in project management?

- A. It is time-consuming to create.**
- B. All parties must be present for completion.
- C. Requires advanced technical skills.
- D. It can misrepresent project timelines.

Creating network analysis for project management indeed involves a significant investment of time. This is because it requires meticulous planning and detailing of each task, their interdependencies, and scheduling. Managers need to identify all the tasks involved in a project, estimate their durations, and understand which tasks can be done concurrently and which are dependent on others. This complexity makes the initial setup demanding, as many factors must be considered to ensure an accurate representation of the project flow. Proper network diagrams and critical path analysis contribute to a clearer understanding of the project timeline and resource allocation once completed, but the initial phase can be quite extensive. While other options may touch upon certain aspects of network analysis, they aren't as directly tied to the inception and maintenance challenge that the time-consuming nature presents.

10. When calculating net worth, which two financial figures are primarily compared?

- A. Total assets and total liabilities**
- B. Revenues and expenses
- C. Current assets and income
- D. Equity and debt

Calculating net worth involves determining the difference between a person's or organization's total assets and total liabilities. Total assets represent everything that a person or entity owns, including cash, real estate, investments, and personal property. Total liabilities, on the other hand, encompass all debts and financial obligations, such as loans, mortgages, and unpaid bills. The formula for net worth is simple: $\text{Net Worth} = \text{Total Assets} - \text{Total Liabilities}$. This equation reveals what is owned after accounting for what is owed, providing a clear snapshot of financial health. Thus, when evaluating net worth, the direct comparison of total assets to total liabilities serves as the fundamental assessment of wealth. The other options revolve around different financial concepts: revenues and expenses pertain to income statements, current assets and income mix balance sheet and income statement elements, and equity and debt relate to aspects of financing and investment rather than the overall calculation of net worth.

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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