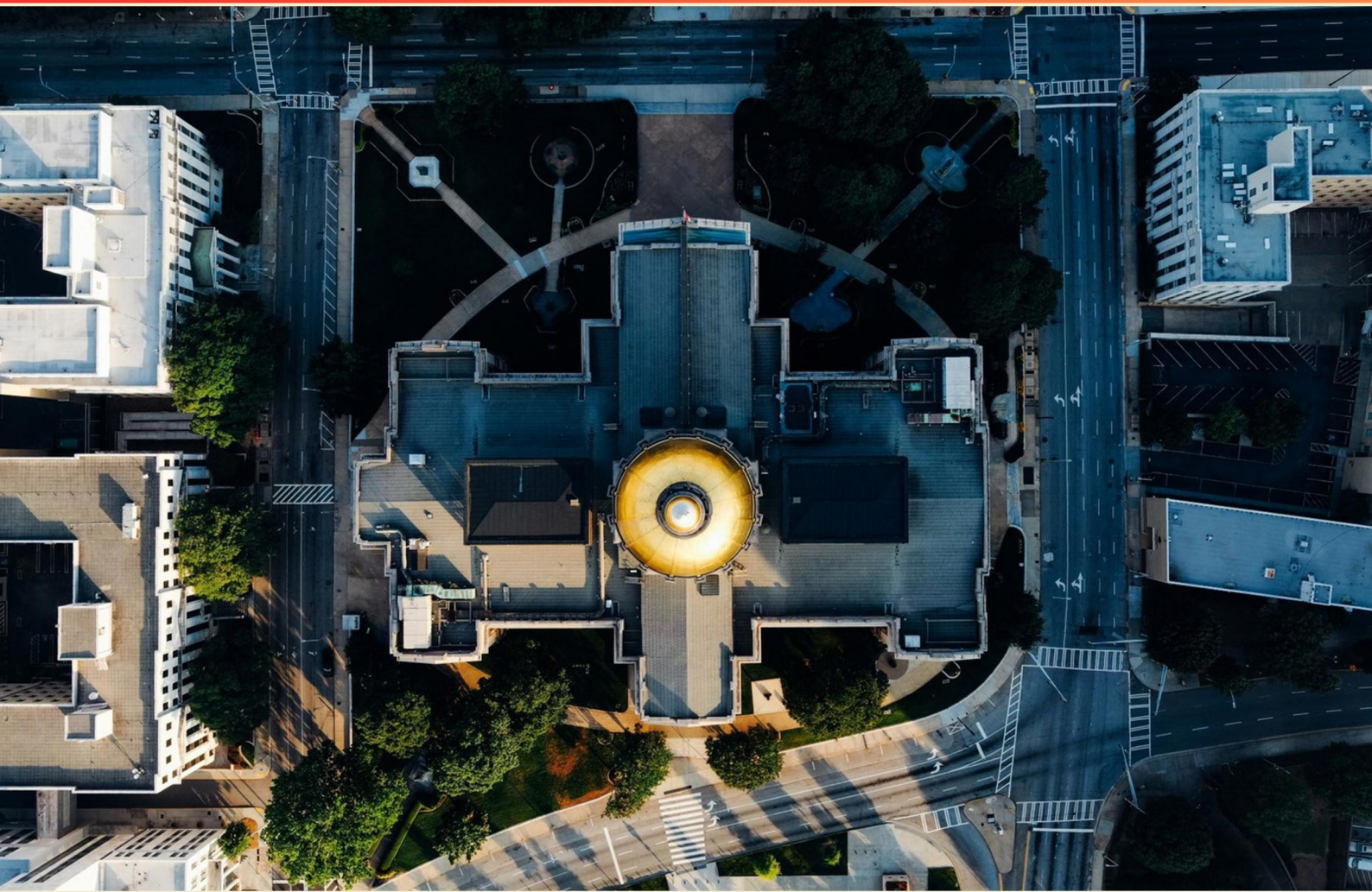


SOUTH CAROLINA BUSINESS MANAGEMENT AND LAW PRACTICE EXAM (SAMPLE) STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

**VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE**

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Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	16

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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. How long would it take six men to complete a job that three men can finish in 40 hours?**
 - A. 10 hours
 - B. 20 hours
 - C. 30 hours
 - D. 40 hours
- 2. Which business structure limits owner liabilities to their investment in the entity?**
 - A. Sole proprietorship
 - B. Limited liability company
 - C. Cooperative
 - D. General partnership
- 3. With a residential builder's license, what is the maximum value of commercial construction a builder can do?**
 - A. \$2500
 - B. \$5000
 - C. \$10,000
 - D. \$15,000
- 4. Which of the following is not deducted from employee pay?**
 - A. State taxes
 - B. Social Security tax
 - C. Federal unemployment tax
 - D. Medicare tax
- 5. What is the single most important initial step when starting a business?**
 - A. Write a business plan
 - B. Register the business name
 - C. Gather funding
 - D. Find a location

- 6. What factor determines whether an employer needs to make FUTA tax deposits?**
- A. Total wages paid
 - B. Total tax liability
 - C. Total number of employees
 - D. Projected earnings
- 7. Which statement is true about the bar chart in project management?**
- A. Painting occurs before drywall starts
 - B. Plumbing starts after electrical work
 - C. Drywall starts after the completion of doors and windows
 - D. Roofing starts before framing completion
- 8. What will be the total cost for a job if the contractor has a direct cost of \$58,600, receives a bonus for early completion, and the job is valued at \$98,500?**
- A. \$80,500 to \$83,500
 - B. \$81,500 to \$84,500
 - C. \$78,000 to \$80,000
 - D. \$85,000 to \$90,000
- 9. If a construction job's hard cost is \$14,000 and the overhead is \$6,000, what would be the estimated cost after applying a 2.5% decrease in hard cost and a 4.5% decrease in overhead?**
- A. \$18,000
 - B. \$19,380
 - C. \$20,000
 - D. \$21,400
- 10. According to state law, how many employees must a company have to be required to carry workers' compensation insurance?**
- A. 2 employees
 - B. 4 employees
 - C. 10 employees
 - D. 20 employees

Answers

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

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Explanations

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1. How long would it take six men to complete a job that three men can finish in 40 hours?

- A. 10 hours
- B. 20 hours**
- C. 30 hours
- D. 40 hours

To determine how long it would take six men to complete a job that three men can finish in 40 hours, we need to understand the relationship between the number of workers and the time taken to complete a task. If three men can finish the job in 40 hours, we can calculate the total work in "man-hours." This is done by multiplying the number of men by the hours they work: $3 \text{ men} \times 40 \text{ hours} = 120 \text{ man-hours}$. This means the total work required to complete the job is 120 man-hours. Now, if we have six men working on the same job, we need to determine how long it will take them to do the 120 man-hours of work. Since six men can complete six man-hours of work in one hour, we calculate the time needed like this: $120 \text{ man-hours} \div 6 \text{ men} = 20 \text{ hours}$. Therefore, six men would take 20 hours to complete the job. The correct answer highlights the efficient use of manpower and shows how increasing the number of workers can reduce the time required to finish a task.

2. Which business structure limits owner liabilities to their investment in the entity?

- A. Sole proprietorship
- B. Limited liability company**
- C. Cooperative
- D. General partnership

A limited liability company (LLC) is a business structure that distinctly limits the owners' liabilities to their investment within the entity. This means that, unlike sole proprietorships, general partnerships, or cooperatives, the personal assets of the members (owners) are generally protected from business debts and liabilities. In the event that the LLC incurs debts or faces legal judgments, the members are only liable for the amount they have invested in the business and cannot have their personal assets seized to satisfy business obligations. This protection is a significant advantage of forming an LLC and is one of the primary reasons entrepreneurs choose this structure over others that do not offer the same degree of liability protection. In contrast, a sole proprietorship exposes the owner to full personal liability for all business debts, while a general partnership similarly holds partners jointly and individually liable. Cooperatives, while offering some benefits, do not inherently provide the same limited liability protection as an LLC. Thus, the structure of an LLC is designed specifically to limit owner liabilities, making it the correct choice in this scenario.

3. With a residential builder's license, what is the maximum value of commercial construction a builder can do?

- A. \$2500
- B. \$5000**
- C. \$10,000
- D. \$15,000

The maximum value of commercial construction work that a residential builder can undertake is established by regulations pertaining to the licensure of residential builders. In South Carolina, holding a residential builder's license allows an individual to perform certain types of construction work, specifically residential projects, but also limits the scope of their work in the commercial sector. For projects outside of the residential realm, there is a threshold established to delineate the capabilities of those with a residential builder's license. In this case, the limit is set at \$5,000 for the total value of any commercial work. This ensures that residential builders can participate in smaller commercial projects without overstepping the boundaries set by their licensing category. Understanding this limit is crucial for builders to maintain compliance with state regulations and avoid potential penalties for unauthorized work beyond their licensure scope. Thus, the maximum value for commercial construction that a builder with a residential builder's license can undertake is accurately stated as \$5,000.

4. Which of the following is not deducted from employee pay?

- A. State taxes
- B. Social Security tax
- C. Federal unemployment tax**
- D. Medicare tax

The federal unemployment tax is not deducted from employee pay because it is an employer-paid tax. This tax is specifically used to fund unemployment benefits for workers who lose their jobs, and it is assessed on the employer's payroll rather than taken from the wages of employees. On the other hand, state taxes, Social Security tax, and Medicare tax are all payroll taxes that are deducted from an employee's earnings. State taxes contribute to state funding, while Social Security and Medicare taxes are part of the Federal Insurance Contributions Act (FICA) and are used to fund the Social Security and Medicare programs, respectively. Thus, the correct response highlights that federal unemployment tax is unique in its treatment as an employer liability rather than a direct deduction from employee wages.

5. What is the single most important initial step when starting a business?

- A. Write a business plan**
- B. Register the business name
- C. Gather funding
- D. Find a location

Writing a business plan is a crucial initial step when starting a business because it serves as a roadmap for the entire venture. A well-structured business plan outlines the business's goals, target market, and strategies for reaching customers, as well as the operational and financial aspects necessary for sustainability and growth. It provides clarity on the business model and helps assess the feasibility of the idea. Additionally, a business plan is often required when seeking funding or partnerships, as it demonstrates to potential investors or lenders that the entrepreneur has thoroughly considered all aspects of the business, including market analysis, competitive advantages, and financial projections. By formulating a business plan first, an entrepreneur sets a strong foundation that guides subsequent steps, such as registering the business name, gathering funding, and finding a location. This systematic approach increases the likelihood of business success and alignment with the original vision.

6. What factor determines whether an employer needs to make FUTA tax deposits?

- A. Total wages paid
- B. Total tax liability**
- C. Total number of employees
- D. Projected earnings

The requirement for an employer to make Federal Unemployment Tax Act (FUTA) tax deposits is primarily based on the total tax liability. Employers are responsible for calculating the amount of FUTA tax they owe based on the wages they pay to employees, but it is the total tax liabilities that dictate when and how much they must deposit. If the total FUTA tax liability for the quarter is \$500 or more, the employer is typically required to make deposits. If it's less than that amount, they can pay it when they file their annual FUTA tax return. Understanding this means that it's not simply the total wages paid or the number of employees that determine the need for deposits but rather the actual tax liability computed from those wages. Therefore, recognizing tax liability is critical for compliance with FUTA obligations. Projected earnings do not directly influence whether deposits are necessary, as deposits are based on realized tax liabilities rather than anticipated earnings.

7. Which statement is true about the bar chart in project management?

- A. Painting occurs before drywall starts
- B. Plumbing starts after electrical work
- C. Drywall starts after the completion of doors and windows**
- D. Roofing starts before framing completion

The statement that drywall starts after the completion of doors and windows is true in the context of project management, especially in construction. In a typical construction project, the installation of doors and windows is usually part of the exterior finishing phase. Once these elements are secured and the structure is weather-tight, the interior work, such as drywall installation, can begin. This sequence is critical for ensuring that the interior environments are not exposed to moisture or other external elements, which could lead to damage or compromise the integrity of the drywall. In terms of construction sequencing, different tasks must align with one another to ensure efficiency and safety in the project cycle. Proper scheduling helps avoid delays and ensures that each phase of construction is completed in the correct order. Understanding these dependencies is crucial for effective project management, as it allows managers to develop realistic timelines and allocate resources appropriately.

8. What will be the total cost for a job if the contractor has a direct cost of \$58,600, receives a bonus for early completion, and the job is valued at \$98,500?

- A. \$80,500 to \$83,500
- B. \$81,500 to \$84,500**
- C. \$78,000 to \$80,000
- D. \$85,000 to \$90,000

To determine the total cost for a job in this scenario, we need to consider both the direct costs incurred and any bonuses that may apply for early completion. The direct costs are explicitly stated as \$58,600. The job is valued at \$98,500, which is an important figure as it can guide us in understanding the financial margins involved. When calculating the total cost, we should account not just for the direct costs but also for potential bonuses for early completion that might elevate the total expenditure. In this instance, since a bonus is mentioned but not quantified, we can infer that the bonus will add a reasonable amount to the direct cost. The range provided in the correct answer option suggests that the total cost should logically fall within a specified range above the direct costs incurred. Given that the job has a direct cost of \$58,600 and considering a bonus of approximately \$22,900 (the difference between job value and direct cost, which indicates there's room for a bonus without surpassing the job's overall value), the total cost could indeed fall within the range of \$81,500 to \$84,500 when accounting for the bonus. This range represents a reasonable addition to the direct cost, aligning with the information given and the practices

9. If a construction job's hard cost is \$14,000 and the overhead is \$6,000, what would be the estimated cost after applying a 2.5% decrease in hard cost and a 4.5% decrease in overhead?

- A. \$18,000
- B. \$19,380**
- C. \$20,000
- D. \$21,400

To determine the correct estimated cost after applying the decreases to both the hard cost and overhead, it's essential to calculate the new amounts for each category. First, the hard costs are \$14,000. A decrease of 2.5% means calculating 2.5% of \$14,000: $\text{Decrease in Hard Cost} = 14,000 \times 0.025 = 350$ Now, subtract this decrease from the original hard cost: $\text{New Hard Cost} = 14,000 - 350 = 13,650$ Next, for the overhead costs of \$6,000, we apply the 4.5% decrease: $\text{Decrease in Overhead} = 6,000 \times 0.045 = 270$ Then subtract this from the original overhead: $\text{New Overhead} = 6,000 - 270 = 5,730$ Now, to find the total estimated cost after applying both decreases, we add the new hard cost and new overhead together: $\text{Total Estimated Cost} = 13,650 + 5,730 =$

10. According to state law, how many employees must a company have to be required to carry workers' compensation insurance?

- A. 2 employees
- B. 4 employees**
- C. 10 employees
- D. 20 employees

In South Carolina, businesses are required to obtain workers' compensation insurance if they have four or more employees. This law is designed to protect employees by ensuring they have access to benefits for work-related injuries or illnesses. The requirement reflects the state's recognition of the potential risks associated with employment and the need for financial support for injured workers. Choosing the option of four employees is accurate as it aligns with South Carolina's statutory mandate. A company must count all employees, including part-time workers, when determining this threshold. The law helps to create a safety net for employees while also establishing clear guidelines for employers regarding their responsibilities. The other options do not align with the legal requirement. For example, having two employees or ten employees would not trigger the obligation for workers' compensation coverage under South Carolina law, as neither meets the statutory threshold that protects workers effectively. This understanding is crucial for business owners to ensure compliance while safeguarding their workforce.

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://scbusinessmgmtandlaw.examzify.com>

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

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