

BUSINESS & FINANCE

EXAM GUIDE + TIPS

 **ELIGWE**
CONSTRUCTION





TABLE OF CONTENTS

01 / Overview

03 / Contractors Manual

08 / Builders Guide to Accounting

15 / Percentage of Completion

18 / Straight Line Depreciation

22 / Table of Articles

25 / Important Resources

* This means something is important, pay special attention

OVERVIEW

EXAM PREP NOTES

PLAN TO STUDY FOR 50+ HOURS

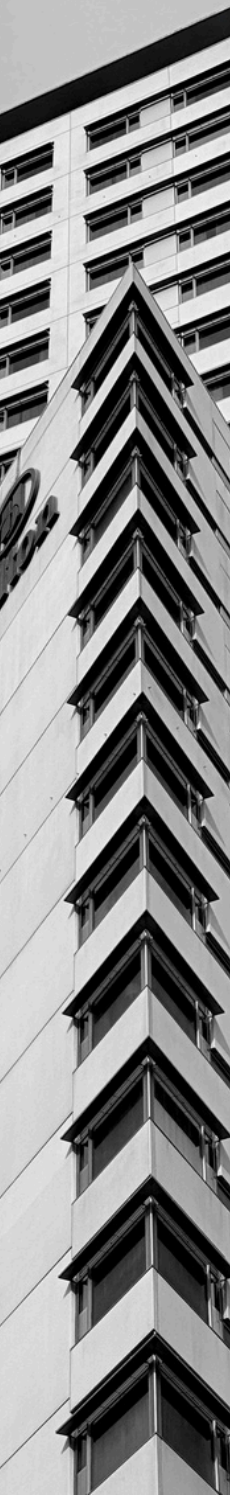
- I did 5 hours a day 10 days before my test
- Bring scientific calculator
example 4065 Construction Masters DW Calculator
- Bring Mechanical & engineering pencil

STEPS FOR SOLVING QUESTIONS

- Learn index and table of content for each book
- Study CM and BGA, the AIA contracts you can review and highlight
- Identify the objective: Plan your work and Work your plan
- Answer easy questions first, then move to harder questions
- Take a tutorial on Pearson VUE to get familiar with testing system

BOOKS & STUDY SETUP

- Tab & highlight important sections
- Tabs to be **permanently affixed** (tape onto book)
- In-book highlight and underline in **black only** (NO RED)
- Create more tabs as bookmarks for referencing along the top
- Understand the message of each book, this helps you know where to look
- **Required Books:** Contractor Manual and Builders Guide to Accounting
- **Required Contracts:** AIA contracts 201, 401 and 701 (**in binder**)*



CONTRACTORS MANUAL

CHAPTER 1

- Business planning
- Business organization
- Registration
- Dissolution
- Resources / Forms

CHAPTER 2

- Licensing & professional regulation
- Medical gas certification
- Public liability insurance
- Licensing exemptions*
- Qualifying Agent*
- Grounds for disciplinary action*
- F.S. 455 – Business & Professional Regulation (license laws)*
- F.S. 489 – Contracting regulations & Fees (military training & education)
- Penalties*

CHAPTER 3

- Balance sheet*
- Journal
- Depreciation & MACRS
- FUTA calculation +/-
- Open invoice

CHAPTER 4

- Builders Risk *
- Contractual liability
- Bonds vs insurance
- NET quick +/-

CHAPTER 5

- Right to work
- Hourly rate calculation +/-
- Child labor laws & ADA Disability Act
- Workers compensation laws
- Re-employment tax *
- Unemployment tax

CHAPTER 6

- Workers' compensation needed & exemptions *
- Benefits summary
- Workers compensation FAQ *
- F.S. 440 – Workers compensation*

PART II*

Construction / Accounting Topics

- Construction types of capital*
- Compound interest calculation +/-
- Percentage of completion +/-
- Types of contract
- Ratios
- Glossary
- David Bacon Act
- Circular E*
- Employers tax guide & review*

CHAPTER 7

- OSHA Employer responsibility*
- Record keeping
- Record to keep
- Penalties (regulatory & civil)
- Penalty examples +/-
- Ropes & rigging
- Rope strength calculation +/-
- Wire slings

CHAPTER 8

- Contract definition
- Project structure
- Expressed contract terms
- Order of precedence
- Ch. 558 Notice of claim & dispute resolution

CHAPTER 9

- Notice of commencement
- Privity *
- Civil remedies
- Claim of lien
- Final affidavit
- Bonds
- F.S. 713 – Construction lien

CHAPTER 10

- Plans & specifications
- CSI broad & medium scope
- General conditions
- Supplementary conditions
- Estimating*
- Activity & material estimating
- Equipment estimate
- Factors affecting production
- Types of contracts*
- Cost accounting
- Sub-contracts & change orders
- Network analysis
- Project planning
- Contract administration
- Cost control
- Job responsibility
- Environmental compliance
- Wetlands

BUILDER'S GUIDE TO ACCOUNTING

CHAPTER 1

- Records
- Balance Sheet

CHAPTER 2

- Percentage of Completion (+/-)*
- Accounting Methods

CHAPTER 3

- Cash & Charge Sales
- Aging List

CHAPTER 4

- Managing Receivables
- 2% Net 30

CHAPTER 5

- Bad Debt Procedures
- Bad Debt Ratio

CHAPTER 6

- Skip
- Review Practice Test

CHAPTER 7

- Sales Planning



CHAPTER 8

- Planning for Profits
- Volume / Profits

CHAPTER 9

- Review Practice Test
- Check Writing by Multiple Businesses

CHAPTER 10

- Accounting for Materials
- Controlling Inventories
- Inventory

CHAPTER 11

- Payroll Accounting
- IRS Forms

CHAPTER 12

- Overhead Expenses
- Variable vs Fixed

CHAPTER 13

- Equipment Records
- Depreciation
- MACRS
- Lease Purchase
- Ammortization

CHAPTER 14

- Cash Budgeting
- Break-even Point

CHAPTER 15

- Cost & Expense Records
- Review Practice Test

CHAPTER 16

- Overhead Expenses

CHAPTER 17

- The Imprest System

CHAPTER 18

- Balancing the Checking Account
- Review Practice Test

CHAPTER 19

- Accounting for Estimates
- Labor Calculations (+/-)

CHAPTER 20

- Recording Before the Event

CHAPTER 21

- Financial Statements
- Closing the Books

CHAPTER 22

- Using Financial Information

CHAPTER 23

- Using Financial Ratios
- Ratios

CHAPTER 24/25/26

- Posting Errors
- Closing the Books
- Comparative Period Statements
- Restatements by Accounting Methods

CHAPTER 27

- Statement by Job

CHAPTER 28

- Loan Application
- Small Business Administration (SBA)
- Review Practice Test

APPENDIX

- Balance Sheet
- Income Statement
- Statement of Cash Flows
- Sheltering

PERCENTAGE OF COMPLETION*

BGA PAGE 24 (23-24)

Formula

Cost to Date ÷ (Cost to Date + Estimated Remaining Cost of Completion) = **Percentage of Completion**

Example #1

If project cost to date = **\$50,000**

Estimated remaining cost = **\$200,000**

$$\frac{50,000}{50,000+200,000} = \text{Percentage of Completion}$$

$$\frac{50,000}{250,000} = 0.2 \{0.2 \times 100 = 20\%\}$$

Percentage of Completion = 20%

Example #2

If cost to date = **\$35,000**

Estimated cost to complete = **\$170,000**

Total cost = 205,000 (170,000 + 35,000) "100% of project cost"

if $205,000 = 100\%$ of project

then $35,000 = x$

so $(35,000 * 100) = (205,000 * x)$

means $(\frac{35,000 * 100}{202,000})$

$17.07 = x$

$17.07 = x$

Percentage of Completion = 17.07%

Formula

Cost to Date ÷ (Cost to Date + Estimated Remaining Cost of Completion)

= Percentage of Completion

Example #3

If cost to date = **\$17,000**

Estimated cost to complete = **\$235,000**

Total cost = 252,000 (235,000 + 17,000) "100% of project cost"

if $235,000 = 100\%$ of project

then $17,000 = x$

so $(17,000 * 100) = (235,000 * x)$

means $(\frac{17,000 * 100}{252,000}) = x$

$6.746 = x$

$6.746 = x$

Percentage of Completion = 6.746%

OR

Example #3 PART 2

If project cost to date = **\$17,000**

Estimated remaining cost = **\$235,000**

$\frac{17,000}{17,000+235,000} = \text{Percentage of Completion}$

$\frac{17,000}{252,000} = 0.0674 \{0.0674 \times 100 = 6.74\%\}$

Percentage of Completion = 6.74%

STRAIGHT-LINE DEPRECIATION*

BGA PAGE 163 (161-163)

Formula

Straight-Line Depreciation

$$\frac{\text{Cost of Asset} - \text{Salvage Value}}{\text{Useful Life of Asset (in years)}} = \text{Straight line depreciation}$$

Example #1

If cost of asset = **\$1,000,000** / Salvage value = **\$0**

Useful life = **5 years**

$$\frac{1,000,000 - 0}{5} = 200,000$$

5y (Per year)

Straight-line depreciation = \$200,000 per year

Example #2

If cost of asset = **\$50,000** / Salvage value = **\$0**

Useful life = **5 years**

$$\frac{50,000 - 0}{5} = 10,000$$

5

Straight-line depreciation = \$10,000 per year

Depreciation for **2 years**:

$$10,000 \times 2 = 20,000$$

Formula

Straight-Line Depreciation

$$\frac{\text{Cost of Asset} - \text{Salvage Value}}{\text{Useful Life of Asset (in years)}} = \text{Straight line depreciation}$$

Example #3

If cost of asset = **\$75,000** / Salvage value = **\$15,000**

Useful life = **10 years**

$$\frac{75,000 - 15,000}{10} = 6,000$$

Straight-line depreciation = \$6,000 per year

Example #4

If cost of asset = **\$45,000** / Salvage value = **\$5,000**

Useful life = **6 years**

$$\frac{45,000 - 5,000}{6} = 6,666$$

Straight-line depreciation ≈ \$6,666 per year

Example #5

If cost of asset = **\$25,000** / Salvage value = **\$0**

Useful life = **5 years**

$$\frac{75,000 - 15,000}{10} = 6,000$$

Straight-line depreciation = \$5,000 per year

Total depreciation for **5 years:**

$$5 \times 5,000 = \$25,000$$

TABLE OF ARTICLES

AIA DOCUMENT A201 - 2017 GENERAL CONDITIONS OF THE CONTRACT FOR CONSTRUCTION

Table of Articles

1. General Provisions
2. Owner
3. Contractor
4. Architect
5. Subcontractors
6. Construction by Owner or by Separate Contractors
7. Changes in the Work
8. Time
9. Payments and Completion
10. Protection of Persons and Property
11. Insurance and Bonds
12. Uncovering and Correction of Work
13. Miscellaneous Provisions
14. Termination or Suspension of the Contract
15. Claims and Disputes

AIA DOCUMENT A401 - 2017 STANDARD FORM OF AGREEMENT BETWEEN CONTRACTOR AND SUBCONTRACTOR

Table of Articles

1. The Subcontract Documents
2. Mutual Rights and Responsibilities
3. Contractor
4. Subcontractor
5. Changes in the Work
6. Claims and Disputes
7. Termination, Suspension or Assignment of the Subcontract
8. The Work of This Subcontract
9. Date of Commencement and Substantial Completion
10. Subcontract Sum
11. Payments
12. Insurance and Bonds
13. Temporary Facilities, Services, Equipment and Working Conditions
14. Miscellaneous Provisions
15. Enumeration of Subcontract Documents



AIA DOCUMENT A701 - 2018 INSTRUCTIONS TO BIDDERS

Table of Articles

1. Definitions
2. Bidder's Representations
3. Bidding Documents
4. Bidding Procedures
5. Consideration of Bids
6. Post-Bid Information
7. Performance Bond and Payment Bond
8. Enumeration of the Proposed contract documents

IMPORTANT RESOURCES

THE BEST STEP BY STEP STUDY GUIDE

This will give you a step by step walkthrough of all the books, the AIA contracts, what you need to highlight and pages you need to focus on. This was by far the most important resource I could have come across. The way the information is broken down and easy to understand it made getting ready for the test less overwhelming and more realistic for me.

<https://youtube.com/@alexliskovich?si=uoXgMgLhbuaC5kB7>

EXAM PROS MATERIALS & TUTORS

This is a great one stop shop for all the materials you need for the exam, from books to contracts. Some important additional resources are the practice exams they have, available for most Florida licensing exams. Another important resource is the one on one tutoring, a private coaching session with their team for more guidance and better information on test expectations.

https://theexampros.com/?gad_source=1&gad_campaignid=23229484017&gclid=Cj0KCQiA1czLBhDhARIsAIEc7ujlJnLatVR5poL0I7P XpXkYrATIOE0TWHVLR69BgNw0HrZc eGgU5e8aAu_8E ALw_wcB

DBPR CONSTRUCTION INDUSTRY

This is a great place to get important information regarding the licensing requirements, eligibility and background information you need to know before you even take the test. It would be a terrible feeling to complete the test and realize you don't meet the requirements to actually apply for your license. I recommend spending some time here making sure you can meet the financial, education, business, criminal history, age and other requirements for licensing.

<https://www2.myfloridalicense.com/construction-industry/>

ADDITIONAL QUESTIONS

If you still have questions about something specific, want access to our practice exams or share how this helped you simplify the process, feel free to contact us by visiting our website.

<https://eligweconstruction.com/>

GOOD LUCK!!!