Exercise 1

1. State if True (T) or False (F):
   a. Contract changes are more likely to occur on a single fixed price contract than on a cost plus a fee contract.
   b. In lump sum contracts, it is allowed to change in the quantity of work performed within a limit of 25%.
   c. In the admeasurement contracts, the item description, quantity, unit of measure, unit cost and the total cost in the B.O.Q should be cleared.
   d. The owner has the ability to know the contractor profit in the unit price contracts.
   e. The direct costs are the summation of the cost of the labor, equipment, materials, and subcontractors.
   f. Overheads include the cost of items which cannot be directly charged to a specific work element.
   g. The construction project must have a defined goal or objective.
   h. The construction project must have a defined beginning and end.

2. What are the main types of construction contracts?

3. Explain what is meant by the two terms: “Price-based Contracts” and “Cost-based Contracts”.

4. Compare the following types of contracts from the point of view of flexibility for design changes and variations:
   - Lump Sum.
   - Admeasurement.
   - Target cost.
5. Compare the lump sum, admeasurements, and cost plus contracts from the following point of view:
   - Early start to construction.
   - Risk sharing.

6. Select the right answer:
   I. Site selection and financing would be the responsibility of which project member.
      a. Owner  b. Designer  
      c. Construction project manager  d. Subcontractor

   II. Which of the following is not a characteristic of a project?
      a. Having a specific goal  b. Having a defined beginning and end
      c. Resources being consumed  d. usually being performed only once
      e. Never being found outside the construction field

   III. The advertising for contractors and review of contractors’ bids occurs during which project phase.
      a. Procurement  b. Design
      c. Construction  d. Conceptual planning

   IV. As-built drawings, warranties, and operation manuals are all provided to the owner during which project phase.
      a. Design  b. Conceptual planning
      c. Construction  d. Project closeout

   V. As project moves on in time, the ability to change the project becomes…………difficult and…………expensive.
      a. more, less  b. less, less
      c. more, more  d. less, more

7. Briefly describe the project life cycle.

8. Explain how the cost could be transferred to a tender price?

9. Give three examples of direct and indirect costs.

10. The cost spent of a given activity could be classified into …. , ….. and ….. 

11. What are the different types of cost estimate and when each one is used?