The answer to the question is highlighted in red. Explanations are highlighted in green.

1. Which of the following statements about the corporate form of business organization is incorrect?
   a. The corporation is the easiest form of business organization to establish.
   b. In the United States, corporations generate a significantly greater percentage of total annual sales than either partnerships or proprietorships.
   c. Corporations generally are larger than either partnerships or proprietorships.
   d. One of the most important features of the corporate form of business organization is that stockholders have limited liability.
   e. None of the above.

Each of the answers describes a characteristic of a corporation, except answer a.

RETURN TO THE SAMPLE QUESTIONS