|  |
| --- |
| MC2 MATCHA CREATIONS |

**After researching the different forms of business organization, Mei-ling Lee decides to operate “Matcha Creations” as a corporation. She then starts the process of getting the business running. In November 2021, the following activities take place.**

**Nov. 8 Mei-ling sells her investments and receives NT$520, which she deposits in her personal bank account.**

**8 She opens a bank account under the name “Matcha Creations” and transfers NT$500 from her personal account to the new account in exchange for common stock.**

**11 Mei-ling pays NT$65 to have advertising brochures and posters printed. She plans to distribute these as opportunities arise. (Hint: Use Advertising Expense.)**

**13 She buys baking supplies, such as flour, sugar, butter, and chocolate chips, for NT$125 cash.**

**14 Mei-ling starts to gather some baking equipment to take with her when teaching the cookie classes. She has an excellent top-of-the-line food processor and mixer that originally cost her NT$750. Mei-ling decides to start using it only in her new business. She estimates that the equipment is currently worth NT$300. She invests the equipment in the business in exchange for ordinary shares.**

**16 Mei-ling realizes that her initial cash investment is not enough. Her grandmother lends her NT$2,000 cash, for which Mei-ling signs a note payable in the name of the business. Mei-ling deposits the money in the business bank account. (Hint: The note does not have to be repaid for 24 months. As a result, the notes payable should be reported in the accounts as the last liability and on the statement of financial position as the first liability.)**

**17 She buys more baking equipment for NT$900 cash.**

**20 She teaches her first class and collects NT$125 cash.**

**25 Mei-ling books a second class for December 4 for NT$150. She receives NT$30 cash in advance as a down payment.**

**30 Mei-ling pays NT$1,320 for a one-year insurance policy that will expire on December 1, 2022.**

**MC2 (Continued)**

***Instructions***

**(a) Prepare journal entries to record the November transactions. (You may omit explanations).**

**(b) Post the journal entries to general ledger accounts, using the standard form of account.**

**(c) Prepare a trial balance at November 30.**