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| MC1 MATCHA CREATIONS |

**Mei-ling Lee spent much of her childhood learning the art of cookie-making from her grandmother. They passed many happy hours mastering every type of cookie imaginable and later creating new recipes that were both healthy and delicious. Now at the start of her second year in college, Mei-ling is investigating various possibilities for starting her own business as part of the requirements of the entrepreneurship program in which she is enrolled.**

**A long-time friend insists that Mei-ling has to somehow include cookies in her business plan. After a series of brainstorming sessions, Mei-ling settles on the idea of operating a cookie-making school. She will start on a part-time basis and offer her services in people’s homes. Now that she has started thinking about it, the possibilities seem endless. During the fall, she will concentrate on holiday cookies. She will offer individual lessons and group sessions (which will probably be more entertainment than education for the participants). Mei-ling also decides to include children in her target market.**

**The first difficult decision is coming up with the perfect name for her business. In the end, she settles on “Matcha Creations” and then moves on to more important issues.**

***Instructions***

**(a) What form of business organization—proprietorship, partnership, or corporation—do you recommend that Mei-ling use for her business? Discuss the benefits and weaknesses of each form and give the reasons for your choice.**

**(b) Will Mei-ling need accounting information? If so, what information will she need and why? How often will she need this information?**

**(c) Identify specific asset, liability, and equity accounts that Matcha Creations will likely use to record its business transactions.**

**(d) Should Mei-ling open a separate bank account for the business? Why or why not?**