Dear Students:

Thank you for an enjoyable quarter.
Good luck in your future studies at Ohio University. Feel free to stop in to ask questions or just visit as you continue your studies. If an accounting major might be in your future, we will be happy to discuss this option with you.

Now show us what you are made of. The task is before you. As far as we know, there are no trick questions. For the next two hours neither give nor seek quarter.

And, oh yeah, beware of sorrowful people!

Mrs. K. & Mrs. Freeland

Version 5 (Write this on top left of answer sheet)

Circle

Mrs. Freeland    Mrs. Kirch

Rules:
Same as always - No cheating

_________________________
Name (Print)

_________________________
PID

_________________________
Days & time of your class

Pledge: By signing my name below, I am promising that:
1) The work I complete is my own,
2) I did not and will not give aid to others,
3) I will not share any information about the examination with those who are taking it later, and
4) I will report any others that I observe violating these rules.

Signature __________________________
1) The matching concept is
   A. Debits = Credits
   B. Assets = Liabilities + Owners’ Equity
   C. Revenues - Cost of Goods Sold
   D. Recording all expenses incurred in generating the revenues of a period
   E. Having the same number of asset accounts on the balance sheet as last year

2) When a company declares a dividend, journal entries will be necessary on
   A. date of declaration only
   B. date of record and date of payment only
   C. date of declaration and date of record only
   D. date of record and date of declaration and date of payment
   E. date of declaration and date of payment

3) An “operating lease” is really
   A. A purchase of the asset
   B. A temporary rental of something
   C. A better lease than a non-capital lease
   D. A current asset
   E. A purchase of a net present value

4) When a business issues common stock for cash, which of the following occurs?
   A. A revenue account increases and an asset account increases
   B. An asset account increases and an owners’ equity account decreases
   C. An expense account increases and an asset account decreases
   D. An asset account decreases and a liability account increases
   E. An asset account increases and an owners’ equity account increases

5) On September 1, Slick Sammy made a $100,000 credit sale under the terms 2/10, n/30. If Slick Sammy receives full payment of the account on September 5, the amount of cash received is
   A) $ 98,000
   B) $ 99,800
   C) $100,000
   D) $100,200
   E) Some other number
6) A 5-year, $1,000,000 zero coupon bond is priced to yield 10%. The amount the issuing company will receive when it is issued is:

A. $ 620,921  
B. $ 1,000,000  
C. $ 998,980  
D. $ 783,500  
E. $ 379,080

7) If the above zero bond was sold on January 1, 2006, the interest expense for 2007 (the second year) would be

A. $ 62,090  
B. $ 65,881  
C. $ 68,301  
D. $ 100,000  
E. $ 10,000

8) BAP Company issued a 10-year, $100,000 face, 10% coupon rate bond to yield 12%. The journal entry to record the issuance of the bond would include:

A. A debit to bond discount of $11,300  
B. A debit to cash of $100,000  
C. A credit to premium on bonds payable of $11,300  
D. A credit to bonds payable of $88,700  
E. A credit to interest payable of $8,870

9) For BAP Company's bonds, if they were issued the first day of 20x1 (10% face priced to yield 12%) and the first year's interest was paid on December 31, 20x1, the entry to record that interest would include:

A. A credit to cash of $8,870  
B. A debit to interest expense of $10,000  
C. A credit to bond discount of $8,870  
D. A credit to cash for $10,000  
E. A debit to interest payable of $4,435.10
10) Darby purchased a new machine for $110,000. Darby paid $10,000 down with the rest payable in 5 equal annual payments which include interest at 10%. The amount of each payment would be:

A. $ 20,000 + interest  
B. $ 26,379.75  
C. $ 22,000 + interest  
D. $ 29,017.72  
E. Cannot be determined from information given

11) Still on Darby, six months after the purchase of the machine, Darby prepared a balance sheet. In the "Current Liabilities" section, the "Current Portion of Long-term Debt" would be:

A. $ 20,000  
B. $ 16,380  
C. $ 26,380  
D. $ 22,000  
E. None would appear

12) Smiley's will sell you a Twisty for $10,000. The deal is 10% down and the rest in five equal annual payments that include interest at 2%. You called the bank and they said that they would charge you 10% for a similar loan. How much are the payments if you take Smiley's deal?

A. $ 1,909.43  
B. $ 2,637.97  
C. $ 2,000.00 + interest  
D. $ 2,374.18  
E. $ 2,121.58

13) How much are you really paying for the Twisty under Smiley's deal?

A. $ 10,000.00  
B. $ 9,000.00  
C. $ 7,238.24  
D. $ 8,238.24  
E. Some other number

14) An increase in accumulated depreciation

A. increases total assets.  
B. decreases total assets.  
C. decreases the current ratio.  
D. increases the current ratio.  
E. both b and c are correct.
For the next three questions use the following information:
Megan Company purchased a new Stamping machine on January 1, 20x7 for $160,000. The machine will last for 8 years and then be worthless. For financial reporting purposes, the company uses straight-line depreciation. (The company takes \( \frac{1}{2} \) year depreciation in the year of purchase and \( \frac{1}{2} \) in the year of sale). The stamping machine is considered 5-year property for tax purposes. The tax rate is 30% and the company pays current year taxes in the following year. The MACRS percentages for 5-year property are: 20.00; 32.00; 19.20; 11.52; 11.52; and 5.76. The company receives $10,000 in municipal bond interest each year. The company earned $300,000 before depreciation and taxes. (You may use this $300,000 income before depreciation and taxes for future years, also).

15) The tax expense for 20x7 will be

A. $ 80,400  
B. $ 87,000  
C. $ 77,400  
D. $ 84,000  
E. Some other number

16) The taxes payable at the end of 20x8 (second year) will be

A. $ 74,640  
B. $ 71,640  
C. $ 81,000  
D. $ 84,000  
E. Some other number

17) The credit balance in deferred taxes at the end of 20x8 (second year) will be

A. $ 12,960  
B. $ 15,960  
C. $ 20,400  
D. Company would have a debit balance in deferred tax at the end of the second year  
E. Some other number
18) MACRS

A. is the preferred method for calculating bad debt expense.
B. requires that the straight-line method of depreciation be used.
C. will usually result in lower taxes in the early years than the use of the straight-line method.
D. is primarily used for financial reporting purposes.
E. None of the above

19) Annabella bought a new pickup for $35,000 for use in her florist business. She estimates the truck will be useful to her for 5 years and then will be worth $5,000. During its useful life, she estimates it will travel 150,000 miles for business. If she uses the straight-line method of depreciation, how much would her accumulated depreciation account have in it at the end of the third year?

A. $ 6,000
B. $ 7,000
C. $ 18,000
D. $ 21,000
E. None of the above

20) Still on Annabella - The mileage for each year is as follows: year 1: 50,000; year 2: 25,000; year 3: 40,000; year 4: 20,000; and year 5: 25,000. Using the activity-based method of depreciation, what is the balance in accumulated depreciation at the end of year 2?

A. $ 12,000
B. $ 17,500
C. $ 14,000
D. $ 15,000
E. None of the above

21) Still on Annabella and using the activity-based method of depreciation - Assuming the first four years’ activities are exactly as estimated, what will the depreciation expense be for year 5?

A. $ 6,000
B. $ 7,000
C. $ 5,000
D. $ 3,000
E. None of the above
22) Joshie Co. repurchased 1,000 shares of its common stock on July 1, 2007 for $10,000. The stock was $1 par value stock originally issued for $5 per share in 2004. On August 15, 2007 the company sold 500 shares of the treasury stock for $12.00 per share. The journal entry to record the sale would include

A. a debit to Treasury Stock for $6,000.
B. a credit to Treasury Stock for $12,000.
C. a credit to Treasury Stock for $10,000.
D. a debit to Capital in Excess of Par - Treasury Stock Transactions for $1,000.
E. a credit to Capital in Excess of Par - Treasury Stock Transactions for $1,000.

23) Still on Joshie - if, after the above transaction, he sold another 200 shares of the treasury stock on September 13 (a Friday), for $11 per share, the entry to record the sale would include

A. a debit to Treasury Stock for $2,200.
B. a credit to Treasury Stock for $2,000.
C. a debit to Treasury Stock for $2,000.
D. a debit to Capital in Excess of Par - Treasury Stock Transactions for $200.
E. a credit to Capital in Excess of Par - Treasury Stock Transactions for $2,000.

24) Still on Joshie – After both of the above transactions have been recorded, what is the ending balance in Treasury Stock?

A. $ 1,800
B. $ 5,000
C. $ 2,000
D. $ 3,000
E. None of the above

25) Cash equivalents include

A. current assets less inventories divided by current liabilities.
B. treasury bills.
C. outstanding checks.
D. iou’s
E. None of these
Use the following data to answer the next three questions:

On January 1, 20x6, Susie’s Plumbers, Inc. declared a 10% stock dividend payable on February 1, to holders of record on January 15. Before the stock dividend was declared, the company had 100,000 shares of $1 par value stock outstanding. The market price of the stock at the date of declaration was $20, at the date of record was $15, and at the date of payment was $22.

26) On the date of payment, the journal entry would include a

A. credit to common stock of $10,000.
B. debit to retained earnings of $200,000.
C. credit to stock dividend payable of $200,000.
D. There would be no journal entry on this date.
E. None of these is correct.

27) On the date of declaration, the journal entry to record the dividend would include a credit to “Capital in Excess of Par – Stock Dividends” of

A. $200,000.
B. $10,000.
C. $190,000.
D. There would be no credit to this account on this date.
E. None of these is correct.

28) On the date of record, the journal entry would include a

A. credit to common stock of $10,000.
B. debit to retained earnings of $200,000.
C. debit to stock dividend payable of $200,000.
D. There would be no journal entry on this date.
E. None of these is correct.

29) The thing the brain wants most is:

A. Sex
B. To learn
C. To survive
D. To be the boss
E. None of these
30) Which of the following decreases retained earnings?
   A. dividends
   B. supplies expense
   C. rent expense
   D. cost of goods sold
   E. all of the above ultimately decrease retained earnings

31) Darby Company had wages payable at the beginning of the year of $10,000. During the year his company paid cash for wages of $80,000 and at the end of the year he owed wages of $8,000. His income statement for the year will show wage expense of
   A. $80,000
   B. $82,000
   C. $78,000
   D. $88,000
   E. $86,000

Ryan’s Hog Shop, Inc. had a fire. The entire inventory was lost. The owners are putting together a claim for the insurance company. Sales this year were $500,000 up until the fire. Last year’s sales were $1,000,000. The average gross margin percentage is 20%. The inventory at the beginning of the year was $40,000 (at cost). Ryan’s owed suppliers $200,000 last year. The company had purchased $600,000 of motorcycles this year (at cost) up until the date of the fire.

32) What is the cost of goods sold up to the time of the fire?
   A. $100,000
   B. $200,000
   C. $400,000
   D. $277,780
   E. $355,000

33) How much can Ryan’s Hog Shop claim as lost during the fire?
   A. $440,000
   B. $500,000
   C. $240,000
   D. $362,220
   E. $340,000
34) Susie Corporation is buying all the assets and assuming all the liabilities of John’s Barbeque Company. The following information is available for John’s at the date of the purchase:

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Receivable</td>
<td>250,000</td>
<td>Accounts payable</td>
<td>150,000</td>
</tr>
<tr>
<td>Inventory</td>
<td>100,000</td>
<td>Bond Payable</td>
<td>100,000</td>
</tr>
<tr>
<td>Land</td>
<td>300,000</td>
<td>Common Stock</td>
<td>200,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Retained Earnings</td>
<td>400,000</td>
</tr>
</tbody>
</table>

The accounts receivable are worth $200,000, the inventory is worth $75,000 and the land is worth $500,000. Additionally, the Bond Payable debt is payable interest only at 10% per year for the next 3 years and then the principal is due. The current interest rate for similar debt is 12%. Susie will pay $650,000 for John’s. How much of the purchase price will Susie debit to goodwill?

A. $ 400,000.00  
B. $ 129,804.66  
C. $ 245,196.34  
D. $ 120,196.34  
E. Some other number which is not here

35) Allowance for Doubtful Accounts is a(an)

A. expense account.  
B. liability account.  
C. contra account.  
D. revenue account.  
E. None of these

36) Which of the following would not be an adjustment in arriving at Net Cash Flow from Operating Activities:

A. Accrued Expense (i.e. wages or taxes payable) change (increase or decrease)  
B. Depreciation for the year  
C. Prepaid Expense change  
D. Gain or loss from sale of equipment  
E. Net increase in Long-Term Debt

37) On a Statement of Cash Flows, Depreciation Expense is treated as an adjustment to net income because Depreciation Expense

A. is a direct source of cash.  
B. reduces reported income but does not involve an outflow of cash.  
C. reduces reported income and involves an inflow of cash.  
D. is an inflow of cash to an account for replacement of assets.  
E. None of the above
38) The Matt Company prepares annual financial statements at December 31 of each year. On Oct 1, 20x7 they borrowed $100,000 from the bank. The Matt Company must pay interest of 12% plus $10,000 on October 1 each year. The journal entry on December 31, 20x7 is:

A. Interest Expense 3,000
   Interest Payable 3,000

B. Interest Expense 3,000
   Cash 3,000

C. Interest Expense 3,000
   Note Payable 10,000
   Cash 13,000

D. Interest Expense 12,000
   Interest Payable 12,000

E. Interest Payable 9,000
   Interest Expense 9,000

39) Still Matt Company - The journal entry on October 1, 20x8 is:

A. Interest Expense 3,000
   Interest Payable 3,000
   Note Payable 10,000
   Cash 10,000

B. Interest Expense 9,000
   Interest Payable 3,000
   Note Payable 10,000
   Cash 22,000

C. Interest Expense 3,000
   Interest Payable 9,000
   Note Payable 10,000
   Cash 22,000

D. Interest Payable 3,000
   Cash 3,000

E. Interest Expense 3,000
   Note Payable 10,000
   Cash 13,000
Answer the next thirteen questions using the data below:

<table>
<thead>
<tr>
<th></th>
<th>Beg Balance (12/31/x6)</th>
<th>End Balance (12/31/x7)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>15,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>50,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Allowance for Doubtful Accounts</td>
<td>2,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Inventory</td>
<td>60,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Equipment</td>
<td>200,000</td>
<td>220,000</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>20,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Land</td>
<td>-0-</td>
<td>40,000</td>
</tr>
<tr>
<td>Security Deposit</td>
<td>3,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>50,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Wages Payable</td>
<td>10,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Taxes Payable</td>
<td>7,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Interest Payable</td>
<td>9,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Note Payable</td>
<td>100,000</td>
<td>75,000</td>
</tr>
<tr>
<td>Common Stock</td>
<td>50,000</td>
<td>85,000</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>80,000</td>
<td>170,000</td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td>1,000,000</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td></td>
<td>600,000</td>
</tr>
<tr>
<td>Wage Expense</td>
<td></td>
<td>100,000</td>
</tr>
<tr>
<td>Interest Expense</td>
<td></td>
<td>10,000</td>
</tr>
<tr>
<td>Tax Expense</td>
<td></td>
<td>20,000</td>
</tr>
<tr>
<td>Other Expenses</td>
<td></td>
<td>170,000</td>
</tr>
</tbody>
</table>

For 20x7 the company had sales of $1,000,000, and Net Income of $100,000 after taxes. The land was purchased for cash, the equipment was acquired on June 30, 20x7 by exchanging 5,000 shares of common stock worth $20,000. There were 10,000 shares of common stock outstanding on 12/31/x6 and there were 30,000 shares outstanding at 12/31/x7. The additional shares of common stock were issued on September 30, 20x7. The Note Payable requires annual payments of $25,000 plus interest at 10%. The company did not sell any equipment during the year. The retained earnings balance for both years is after all closing entries have been made. The stock was selling for $80 per share at 12/31/x7.
40) How much in dividends did the company pay during the year?
   A. $ 0
   B. $ 10,000
   C. $ 20,000
   D. $ 90,000
   E. Unable to determine from information given

41) What was the Cash Flow from Operating Activities for the year?
   A. $ 94,000
   B. $ 95,000
   C. $ 83,000
   D. $ 93,000
   E. Some other number

42) What was the Cash Flow from Investing Activities for the year?
   A. $ 2,000
   B. ($38,000)
   C. ($40,000)
   D. ($60,000)
   E. Some other number

43) What was the Cash Flow from Financing Activities for the year?
   A. ($ 10,000)
   B. ($ 35,000)
   C. ($ 20,000)
   D. $ 15,000
   E. Some other number

44) What was the debt to equity ratio at the end of 20x7?
   A. 27.45%
   B. 37.80%
   C. 20.27%
   D. 36.81%
   E. None of these

45) What was the inventory turn?
   A. 7.50
   B. 10.00
   C. 48.67
   D. 6.00
   E. Some other number
46) What was the average collection period?
   A. 25.00
   B. 25.97
   C. 14.60
   D. 14.05
   E. Some other number

47) What was the Return on Assets for the year?
   A. 24.39%
   B. 27.93%
   C. 32.68%
   D. 49.08%
   E. Some other number

48) What was the Return on Equity for the year?
   A. 76.92%
   B. 51.95%
   C. 39.22%
   D. 37.931%
   E. Some other number

49) What was the Acid Test Ratio at the end of 20x7?
   A. 0.99
   B. 2.24
   C. 1.70
   D. 0.75
   E. Some other number

50) What is the P/E ratio at the end of 20x7?
   A. 16.00
   B. 6.15
   C. 13.01
   D. 5.00
   E. Some other number

51) How much will the amount paid for taxes be in the Supplemental Cash Flow section?
   A. $20,000
   B. $17,000
   C. $10,000
   D. $7,000
   E. Some other number
52) How much will the amount paid for interest be in the Supplemental Cash Flow section:

A. $ 14,000
B. $ 10,000
C. $  5,000
D. $  9,000
E. Some other number

53) Which account will NEVER be included in a closing journal entry?

A. Sales  
B. Retained Earnings  
C. Advertising Expense  
D. Wage Expense  
E. Cash

54) An increase in inventory balance would be reported in a statement of cash flows

A. as an addition to net income in arriving at the Cash Flow from Operations.  
B. as a deduction from net income in arriving at the Cash Flow from Operations.  
C. under “Other Sources of Cash”.  
D. as a “Significant Non-cash Transaction.  
E. None of the above

55) Brad Corp has a beginning balance at 1/1/7 in Accounts Receivable of $500,000 and a beginning credit balance in the Allowance for Doubtful Accounts of $10,000. During 20x7, the Brad sold $900,000 of goods on credit and collected $800,000. If Brad estimates that 2% of his ending accounts receivable will eventually not be collected, his adjusting journal entry for the Bad Debt Expense will include a credit to Allowance for Doubtful Accounts of

A. $  1,200  
B. $  2,000  
C. $10,000  
D. $ 12,000  
E. Not enough information to determine

56) Still Brad - If Brad had written off $1,000 of accounts receivable during 20x7, the debit to Bad Debt Expense would have been

A. $ 12,020  
B. $ 11,980  
C. $  2,980  
D. $  1,980  
E. $  1,020
57) The float is

A. a cash equivalent.
B. another name for a lock-box.
C. equal to the outstanding checks.
D. a deposit in transit.
E. None of the above

Use the following information for the next two questions:
You see an ad in the paper for a used bus. You figure you could use the bus to ferry students to and from Cincinnati each weekend for the next four years. Your analysis indicated that there would be sufficient demand from the students 30 weekends per year. In fact, you are pretty sure that you could sell 50 tickets for a round trip for $80 each on the 30 weekends. You would pay the driver $500 for each weekend that he drove. Gas and maintenance would run $400 per weekend. You found a travel agency who would handle selling tickets and overseeing the operations for 20% of the gross sales. All other expenses (insurance and so forth) would run $300 per weekend of use. You estimate that you could sell the bus in 4 years for $200,000. The expenses and revenues would be the same for each of the four years.

58) How much are the annual net cash flows?

A. $120,000
B. $96,000
C. $67,200
D. $60,000
E. None of the above

59) Still on the bus problem - If you wanted to earn 20% on your investment, how much would you pay for the bus today?

A. $251,775
B. $155,324
C. $407,099
D. $392,000
E. None of these is correct
Kirstin and Arsen, Inc started operations of their Baby Carriage Shoppe on January 1, 20x7. The following information regarding inventory transactions was available at the end of January 20x7:

<table>
<thead>
<tr>
<th>Date</th>
<th>Transaction</th>
<th>Number of units</th>
<th>Unit cost</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 1</td>
<td>Beginning inventory</td>
<td>200</td>
<td>$11</td>
<td>$2,200</td>
</tr>
<tr>
<td>8</td>
<td>Purchase</td>
<td>50</td>
<td>12</td>
<td>600</td>
</tr>
<tr>
<td>11</td>
<td>Sale</td>
<td>80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Sale</td>
<td>60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Purchase</td>
<td>100</td>
<td>13</td>
<td>1,300</td>
</tr>
<tr>
<td>29</td>
<td>Sale</td>
<td>60</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

60) For Kirsten & Arsen, Inc. the ending inventory balance using FIFO is
   A. $2,200
   B. $1,900
   C. $1,730
   D. $2,370
   E. None of the above

61) For Kirsten & Arsen, Inc. the cost of goods sold using LIFO is
   A. $1,730
   B. $1,900
   C. $2,370
   D. $2,200
   E. None of the above

62) Aunt Ann has decided to go into the publishing business. Her first project is to publish a cookbook. The printer is going to charge her a typesetting fee of $1,000 plus $3.00 per book for printing fees. The covers will cost $1.00 each and the shipping costs for each book will be $1.00. Her attorney charged her $5,000 to file the necessary copyright papers and articles of incorporation. Her accountant billed her $2,000 to set up her accounting system and estimates that the preparation fee for her corporate tax return will be $3,000. She plans to charge $25 for the cookbook. How many cookbooks does she need to sell to break even?
   A. 400
   B. 440
   C. 500
   D. 550
   E. None of the above
63) Treasury Stock is a(an)

A. expense account  
B. liability account  
C. contra account  
D. revenue account  
E. asset account  

64) The article "So That's Why It's Called a Pyramid Scheme" by Joseph T. Wells classified financial statement frauds as:

A. Fictitious revenue creation  
B. Fraudulent asset valuations  
C. Permanent differences recorded on the books  
D. Disclosing all liabilities and expenses  
E. A and B are correct examples  

65) Auditors and accountants must be concerned with recognizing fraud and finding inventory overstatements. According to the article “Ghost Goods: How to Spot Phantom Inventory” by Joseph T. Wells, which of the following should an auditor NOT use to recognize fictitious inventory?

A. Observe the physical count of the inventory  
B. Use analytical procedures to detect out of kilter ratios  
C. Take the extra step of examining packed boxes in the warehouse  
D. Announce where and when they will conduct their test counts  
E. Maintain adequate security over audit evidence and workpapers  

66) Abby Co issues 2,000 shares of $1 par value stock for $80,000, the credit to “paid-in capital in excess of par” would be

A. $ 82,000  
B. $ 80,000  
C. $ 78,000  
D. $ 2,000  
E. None of these  

67) Being the last question - A winter break gift from Mrs. K. and Mrs. F. - Have a good rest during winter break -

A. I might  
B. I might not  
C. I am thinking about it (this is wrong)  
D. Huh?  
E. I WILL!!! (THIS IS THE CORRECT ANSWER!!!)