51. Solution: D

The following table summarizes what is required by the liabilities and what is provided by one unit of each of Bonds I and II.

	In 6 months	In one year
Liabilities require:	$1,000	$1,000
One unit of Bond I provides:	$1,040	
One unit of Bond II provides:	$ 25	$1,025

Thus, to match the liability cash flow required in one year, (1/1.025) = .97561 units of Bond II are required. .97561 units of Bond II provide (.97561*25) = 24.39 in 6 months. Thus, (1000-24.39)/1040 = .93809 units of Bond I are required.

Note: Checking answer choices is another approach but takes longer!