

Required

5. What is Chem-Med's average accounts receivable collection period for 2003, 2004, 2005, 2006? Is the period getting longer or shorter? What are the consequences?
6. How does Chem-Med's return-on-equity ratio (ROE) compare to Pharmacia's and the industry for 2003? Using the Du Pont method, compare the positions of Chem-Med and Pharmacia. Compute ROE for each company using the following formula:
$$\text{ROE} = \text{Profit margin} \times \text{Asset turnover} / (1 - \text{Debt to assets})$$

Compare the results to determine the sources of ROE for each company.