Solution:

For 2010, the credit sales are €35,088 million and the average accounts receivable was:

$$Average\ Accounts\ Receivable\ (2010) = €\frac{6{,}106 + 6{,}668}{2}\ million = \ €6{,}387\ million$$

Thus, the accounts receivable turnover & collection period are given by:

$$Accounts\ Receivable\ Turnover\ (2010) = \frac{€35{,}088\ million}{€6{,}387\ million} = 5.49$$

$$Average\ Collection\ Period\ (2010) = \frac{365}{5.49} = 66.48\ days$$

For 2011, the credit sales are €36,528 million and the average accounts receivable was:

$$Average\ Accounts\ Receivable\ (2011) = €\frac{6{,}668 + 7{,}061}{2}\ million = \ €6{,}864.5\ million$$

Thus, the accounts receivable turnover & collection period are given by:

$$Accounts\ Receivable\ Turnover\ (2011) = \frac{€36{,}528\ million}{€6{,}864.5\ million} = 5.32$$

$$Average\ Collection\ Period\ (2011) = \frac{365}{5.32} = 68.61\ days$$

As per the observation, we can see that the average turnover has decreased from 5.49 in 2010 to 5.32 in 2011.

Such a decrease in turnover (and corresponding increase in collection period) demonstrates that Bayer Group’s ability to collect the credit sales have decreased quite a bit. This is not a good sign for them.