**Solution to Minicase for Chapter 4**

Consult the accompanying Excel spreadsheet solution for this Minicase.

Problems for HH are apparent in the areas of debt and assets. Leverage ratios improved between 2017 and 2021, but debt (both long-term and short-term) has increased significantly in 2022. Liquidity ratios began to deteriorate in 2021, while the number of employees increased substantially. Further deterioration in liquidity ratios occurred in 2022, when inventories more than doubled and current liabilities increased by more than 85%. At the same time, sales remained virtually unchanged from 2021.