

How to complete a Balance Sheet in Texas

Itemized balance sheet with current/long-term assets, liabilities and owner's equity.

What this form is for

Banks require a balance sheet to assess your business's financial health at a specific point in time. This snapshot shows what you own, what you owe, and your net worth, helping lenders determine your creditworthiness and ability to repay loans.

Before you start

- Recent bank statements for all business checking, savings, and money-market accounts
- Current outstanding balances for all loans, credit cards, lines of credit, and payables
- Documentation of accounts receivable owed to you by customers
- Inventory valuation records and fixed-asset purchase documentation with accumulated depreciation
- Most recent profit-and-loss statement to verify retained earnings

Step-by-step

1. Date the balance sheet. Use the last day of your most recent fiscal quarter or month-end. Texas banks typically want balance sheets no older than 90 days.
2. List all current assets. Enter cash on hand, checking and savings balances, accounts receivable expected within 12 months, inventory at cost or market value (whichever is lower), and prepaid expenses like insurance or rent. Total this section.
3. List all long-term assets. Include real estate, vehicles, equipment, furniture, and fixtures at original cost. Subtract accumulated depreciation to show net book value. Add intangible assets like patents or goodwill if applicable. Total this section.
4. Add current assets and long-term assets together for your total assets figure. This number represents everything your business owns.
5. List all current liabilities. Enter accounts payable, credit card balances, current portions of long-term debt due within 12 months, accrued expenses like wages or taxes owed, and short-term notes payable. Total this section.
6. List all long-term liabilities. Record mortgage balances, equipment loans, vehicle financing, and any notes payable due beyond 12 months. Total this section.
7. Calculate total liabilities by adding current and long-term liabilities together.
8. Complete the owner's equity section. Start with paid-in capital or owner contributions, add retained earnings from prior periods, then add or subtract current-year profit or loss from your P&L. Total the equity section.

9. Verify the fundamental equation balances: Total Assets must equal Total Liabilities plus Owner's Equity. If these don't match, review all entries for errors.

10. Sign and date the completed form. Texas lenders often require an officer or owner signature certifying accuracy.

What lenders look for

- Banks focus heavily on your current ratio (current assets divided by current liabilities). A ratio below 1.0 signals potential cash-flow problems and weakens your application.
- Never inflate asset values or hide liabilities. Lenders verify balance sheets against tax returns, and discrepancies raise red flags that can kill your loan.
- Organize supporting documentation by balance-sheet category before submission. Texas community banks especially appreciate clean, well-documented financials that speed underwriting.