



## The Role of Financial Statements for Culinary SME's in Jakarta

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**Abstract:** The role of financial statements as a measure of a company's performance is very necessary. Through this important role, this research was conducted with the hope of providing input to all businesses, especially Medium, Small and Independent Enterprises (MSMEs) in Jakarta, the variables used in this study include Financial Literacy, Financial Understanding, Motivation for Preparing Financial Statements and Applying Financial Statements. This study sample used 65 culinary businesses in the Jakarta area. Quantitative methods are used in the analysis of data obtained through interviews and questionnaires which are further processed using Smart Partial Least Squares 4. The test results illustrate that financial literacy has an influence on the understanding of business people in financial management, improving the ability of business people to manage finances and the ability to compile a financial report.

**Keywords:** Financial Literacy, Financial Understanding, Financial Management Motivation, Application of Financial Statements.

### INTRODUCTION

The economy of the community after Covid-19 has a significant impact, various forms of business and products offered with various variations are offered with the hope of receiving these products by buyers. The products offered start from very simple but attractive packaging to products made from expensive raw materials at prices that are acceptable to buyers. This idea has become the basic raw material for culinary businesses that are struggling to get equality from the people of the Jakarta area.

The growth of culinary businesses that are mushrooming today illustrates that culinary is a business whose establishment is considered very easy with not too large capital and without certain requirements in its establishment. Along with the development of culinary, almost every region, especially big cities, is trying to bring up products that are characteristic of the region, so it can be said that culinary is the number one lifestyle needed by the community.

Regarding the culinary business, research has been carried out by N.Susanti et. al. (2019) states that the motivation for managing finances is caused by factors of gender,

lifestyle, parental income and pocket money. A. Eniola and H. Entebang (2017) found that the literacy ability of company owners including the ability to manage products including prices has a positive effect on the financial performance of MSMEs in Nigeria. The same opinion was also carried out by A. Halabi et. al. (2010) by adding the owner's business capabilities and innovation can affect the performance of MSMEs in Australia.

Small and Medium Enterprises (SMEs) and Micro, Small and Medium Enterprises (MSMEs) are types of businesses that control a country's economy up to 99% in South Africa (Olawale Fatoko, 2021). This ability is also felt in Indonesia, because with the control of the economy, it is able to absorb a lot of labor and is able to provide a significant amount of income for the country.

MSME activities in Indonesia are carried out not only in groups but also individually. This business began to be formed by a group of people since 1998 until now it continues to grow and expand. MSMEs are classified based on the net worth owned by business managers, both Micro, Small and Medium Enterprises (Baiq and Denny, 2020).

Many people are enthusiastic about building an MSME business because the business they run is in accordance with their passion so that the work they run feels good. By running an MSME business, it also provides many opportunities for entrepreneurs to become more creative and innovative for their ideas, get more knowledge and experience in doing business, can freely manage their finances (MSME Business Portal). By utilizing digital marketing, the MSME industry is increasingly in demand by the Indonesian people because there is no need for large capital to build their personal business. Because only with the capital of electronic devices and internet networks, entrepreneurs can run their business easily and save time and without the need to spend more energy to develop the business being run. (Kompasiana.com, 2020).

Financial statements act as information that explains business conditions and becomes the basis for making economic decisions (Nuvitasari, Citra, & Martiana, 2019) (Marwati, 2018). Because with financial statements, MSMEs can analyze and evaluate financial performance (Widyastuti, 2017). The need for financial statements so that the financial presentation of transactions is more structured and can be used as a basis for decision making (Purwatiningsih, 2020). Business activities are declared efficient and effective if they have determined the preparation of financial statements based on the provisions that have been set forth in the Financial Accounting Standards, especially for growing businesses, information in the financial statements is needed to show the financial condition of the business. Financial statements function to control costs incurred for business operational purposes up to operating profit losses, also serve to determine the amount of receivables owed by business actors, and also as a basis for consideration of decision making by interested parties (Amani, 2018).

#### Research Purpose:

1. Analyze the effect of financial literacy on the application of financial statements.
2. Analyze the effect of financial literacy on the understanding of financial statements.
3. Analyze the effect of understanding financial statements on the application of financial statements.
4. Analyze the effect of understanding financial statements on the motivation to manage finances.
5. Analyze the influence of motivation to manage finances on the application of financial statements.
6. Analyze the effect of financial literacy on the Understanding of Financial Statements and Motivation for Managing Finances and the Application of Financial Statements.
7. Analyze the effect of Financial Literacy on the Understanding of Financial Statements and the Application of Financial Statements.

**LITERATURE REVIEW:****Micro, Small, and Medium Enterprises (SME's)**

The government classifies MSME business forms based on the criteria of wealth and sales income according to (UU-RI, 2008):

1. Micro Enterprises, including:
  - a. Businesses owned by individuals or entities.
  - b. The total net worth amounts to Rp50,000,000.00 (Fifty Million Rupiah) excluding land or buildings for business premises.
  - c. Revenue from sales for a year is a maximum of IDR 300,000,000.00 (Three Hundred Million Rupiah).
2. Small Business, including:
  - a. The business is owned by an individual or entity.
  - b. The total net worth is IDR 50,000,000.00 (Fifty Million Rupiah) a maximum of IDR 500,000,000.00 (Five Hundred Million Rupiah) excluding land and buildings for business premises.
  - c. Revenue from sales for a year of IDR 300,000,000.00 (Three Hundred Million Rupiah) maximum of IDR 2,500,000,000.00 (Two Billion Five Hundred Million Rupiah).
3. Medium Enterprises, including:
  - a. The business is owned by an individual or entity.
  - b. The total net worth is IDR 500,000,000.00 (Five Hundred Million Rupiah) maximum of IDR 10,000,000,000.00 (Ten Billion Rupiah) excluding land and buildings for business premises.
  - c. Sales revenue in a year of IDR 2,500,000,000.00 (Two Billion Five Hundred Million Rupiah) maximum of IDR 50,000,000,000.00 (Fifty Billion Rupiah).

**Financial Accounting Standards for Micro, Small and Medium Entities**

Financial Accounting Standards that are commonly used for MSMEs are simple, namely the Entity Standards Without Public Accountability with MSME criteria. This has been regulated in Law Number 20 of 2008 which aims to support transparency and responsibility in financial management and as a step to encourage the development of small businesses in Indonesia. For some businesses that have been strong in their capital management, they can use financial statements to find capital in the form of banking loans or other entities that will later become investors in the business.

The differences between the Financial Accounting Standards of Micro, Small and Medium Entities (2018), the Financial Accounting Standards of Entities Without Public Accountability (2009), and the General Financial Accounting Standards (2015) by entity include.

**Table 1. By Entity**

SAK EMKM	SAK ETAP	COMMON SAK
Used by MSMEs with provisions according to the classification of MSMEs	Used entities that do not have public accountability and its financial statements intended for purposes External	Used entities that have public accountability and reports its finances are aimed at external purposes

Source: Indonesian Institute of Accountants

Recording and preparation of financial statements based on SAK EMKM and SAK ETAP can be done by entities that do not yet have public accountability (IAI, 2018). The issuance of financial statements can be used by external or external parties including creditors, crediting institutions, banks, government and others (IAI, 2018) (Sunan et al.,

2020). Meanwhile, the recording and preparation of financial statements based on SAK UMUM is used by entities that have Public Accountability and issue financial statements for external interests (IAI, 2015).

The differences between the Financial Accounting Standards of Micro, Small and Medium Entities (2018) and the Financial Accounting Standards of Entities Without Public Accountability (2009), and the General Financial Accounting Standards (2015) based on the presentation of financial statements are:

**Table 2. Based on the presentation of financial statements**

SAK EMKM	SAK ETAP	COMMON SAK
Profit and Loss Statement	Profit and Loss Statement	Comprehensive Income Statement
Statement of Financial Position	Statement of Financial Position	Statement of Financial Position
-----	Entity Change Report	Entity Change Report
-----	Cash Flow Statement	Cash Flow Statement
Notes to Financial Statements	Notes to Financial Statements	Notes to Financial Statements

Source: Indonesian Institute of Accountants

For entities that do not yet have accountability, the preparation of their financial statements based on SAK EMKM includes profit and loss statements, statements of financial position, and notes to financial statements (IAI, 2018). Meanwhile, for entities that do not yet have accountability and the preparation of their financial statements SAK ETAP and external interests, the financial statements include income statements, statements of financial position, statements of changes in equity, statements of cash flows, and notes to financial statements (IAI, 2009). Especially for entities that have accountability and preparation of financial statements based on SAK UMUM, the financial statements presented include comprehensive income statements and losses, statements of financial position, statements of changes in equity, statements of cash flows, and notes to financial statements (IAI, 2015).

### Financial Literacy

Financial literacy is a science, expertise and trust that affects the quality of financial management and can be used for decision making to achieve desired business goals. Financial literacy has the goal of improving or improving the way of financial management in order to provide information on the performance of a company to parties interested in the company. The benefits obtained from the financial information include making decisions related to the company's progress, paying taxes to the government, paying obligations to creditors, adding investments to banks or investors, business cooperation with other parties in a certain investment, and providing confidence to investors regarding the business existence of the company (OJK, 2017).

Financial literacy is the ability of an individual to manage finances to improve well-being. The purpose of financial literacy is to add knowledge and insight and also an understanding of finance. (Nasution & AK, 2019). Financial literacy is concerned with financial management. With the high financial literacy that each individual has, the financial management that is managed is getting better. Financial management includes the activities of planning, managing and controlling finances in achieving financial well-being (Laily, 2016).

Financial literacy is carried out through training in preparing financial statements, as well as implementing them in everyday life. Training is carried out so that knowledge and also understanding of financial information can be implemented in everyday life (Effendi et al, 2021).

### **Financial Report**

Kasmir (2018) provides a definition of financial statements as reports that show the financial position of a company in each period. However, it was added by Limbong, et al., (2021) that financial statements are a report that informs business financial activities as a form of management accountability to interested parties during a certain period. Meanwhile, Toto Prihadi (2020) revealed that financial statements are the result of recording all financial transactions of a company.

Financial statements according to PSAK 1 (2015) are a report that includes the Statement of Financial Position, Statement of Income Statement, Statement of Changes in Equity, Statement of Changes in Financial Position including statement of cash flows, Notes to Financial Statements, and others. The purpose of financial statements according to SAK EMKM (2018) is to present financial information and financial performance of entities that can be used by internal parties in making economic decisions and external parties who are interested in the financial information of the company they own.

Financial Statements based on SAK EMKM (2018) consist of an Income Statement that presents information on the financial performance of entities in a period consisting of income and expenses recorded during one period. The accounts contained in the income statement include income that is income as a result of the activities of the entity in a reporting period. Costs are expenses arising from the activities of an entity in a reporting period that occur as a result of payments to transactions or activities.

The EMKM Financial Position Report presents information on the assets, debts and capital of entities in a period. The accounts contained in the financial position statement including Assets (Assets) are resources owned by entities that have economic benefits and provide benefits both short-term and long-term. Debt (Liability) is an obligation that must be repaid by an entity for a purchase or loan transaction that occurred before the incurrence of debt by way of payment through cash, delivery of assets or provision of services. Equity (Capital) is capital deposited by an entity in the form of cash or cash or cash equivalents used for business operations, and also operating profits or losses generated during a period.

Notes to Financial Statements (CALK) contain statements regarding financial statements that have been prepared based on the SAK EMKM, an overview of accounting policies, and information and details related to financial statements.

### **Understanding Financial Statements**

Understanding financial statements provides benefits to the progress and development of the business being carried out. Understanding financial statements also has a role in motivating MSMEs to apply financial statements based on SAK EMKM. The better the understanding of MSMEs, the better the ability of MSMEs in preparing financial statements (Parhusip & Herawati, 2020). Still related to understanding, Mardiana and Fahlevi (2017) stated that understanding accounting affects the quality of financial statements. Therefore, it is necessary for people who understand accounting in carrying out tasks in the preparation of financial statements, so that the financial statements produced can be guided by applicable regulations.

The understanding of financial records is influenced by the background and level of education owned by MSMEs. With an educational background of MSMEs outside of accounting, it will affect their perspective on recording and applying financial statements



(Rizky, 2021). Sulistyowati (2017) stated that MSMEs' understanding of financial statements is influenced by the level of knowledge. Related to a good level of knowledge can produce financial statements according to applicable accounting standards. Another understanding was also conveyed by Wilfa and Sagoro (2016) who revealed that understanding accounting means understanding the process of recording and preparing financial statements. The understanding and perspective of MSMEs on accounting provides an overview of the quality of the financial statements produced.

### **Application of Financial Statements**

The application of financial statements based on SAK EMKM requires separate knowledge related to accounting. This is because not everyone is able to understand accounting well, for this reason, separate socialization and learning steps are needed so that the preparation of financial statements is carried out in accordance with the SAK EMKM (I.C. Kusuma and V. Luthfiany, 2018). The same opinion was also carried out by F.A. Lestari et al. (2022) that the preparation of financial statements requires special knowledge and a separate understanding so that financial statements can be presented according to applicable rules.

Through the application of financial statements to businesses run by MSMEs in the Yogyakarta area, it can provide better quality in the presentation of information in financial statements compared to the absence of standards used (Ayem & Prihatin, 2020).

### **Motivation to Manage Finances**

Indonesia has now entered the era of digitalization 4.0, where the technology used is not only in the form of machines but has developed into internet-based technology and applications. So that through digitalization assistance and training, it can provide motivation for MSMEs in making financial reports (Kirowati & Amir, 2019). In this digitalization era, MSMEs can innovate by developing products more optimally, being flexible and transactions carried out more utilizing the technology that is developing today. (Kahmidatunissa, Princess, & Arofah, 2022).

In developing a business in the era of digitalization, MSMEs must have innovations or ideas or ideas to update their products so that people who see the product or business become interested in buying or can even become loyal customers. Of course, this development is supported by technology 4.0 (Rosyady et. al., 2022).

According to Dwi Jaya Kirana and Kornel Sitanggang (2019), in this era of digitalization that already uses the internet, MSMEs can collaborate with online marketplaces to sell, such as Shopee, Tokopedia, and other marketplaces. Through digitalization facilities, it will make it easier for MSMEs to provide information related to marketed products, even Bank Indonesia has helped MSMEs in preparing their financial statements using the online-based SIAPIK application. So that through computer or smartphone facilities, MSMEs can do everything in a short time.

This study tries to test the relationship between financial literacy, understanding financial statements, and the application of financial statements and the motivation to manage finances as an intervening variable. Here is the framework that will be used to answer the objectives of this study.



Figure 1. Theoretical Thinking Framework

Based on the frame of mind that has been described above, the research hypothesis is.

### 1. Financial Literacy

MSMEs have a larger number compared to the large companies that exist today in Kupang city. Economic progress is strongly influenced by the development of businesses run by MSMEs. The ability to advance the business is certainly supported by managerial skills possessed by reliable entrepreneurs. This ability not only provides good product quality but also the ability to market products in the community and an understanding of financial literacy. The role of literacy here is to be able to measure and use financial information as a tool to assess the progress of its business (SH. Wongso et al., 2020). Through financial literacy, a business is able to determine how much it is capable of controlling the market and achieving a competitive advantage among the competitors around it. Another benefit of financial literacy is that a business is able to consider its finances in the future and become the basis for determining future business strategies (Siti Resmi et al., 2021).

The ability to master financial literacy is one of the independent variables in this study that can affect the motivation of a business to manage its finances properly.

H<sub>1</sub>: Financial Literacy affects the Application of Financial Statements.

H<sub>2</sub>: Financial Literacy affects the Understanding of Financial Statements.

### 2. Understanding Financial Management

Having an understanding of finances is very necessary, because with this ability a person or a business will be able to measure their progress, but only a few agencies provide knowledge of financial management (Peter Connelly and Cassandra List, 2018). Limited financial knowledge possessed by a community indicates an inability to manage finances. Therefore, the government will provide knowledge of financial management with a financial literacy approach. Because by having financial knowledge, all needs will be able to be predicted and managed properly (Roland Happ and Manuel Foster, 2009), (Rolland Happ et. al., 2018)

H<sub>3</sub>: Understanding Financial Statements to the Application of Financial Statements.

H<sub>4</sub>: Understanding Financial Statements to Financial Statement Motivation.

### 3. Motivation to Manage Finances

The motivation to expand products and businesses became the main desired expectation for every society of merchants. The approach that can be taken for this step of business expansion is business innovation that focuses on financial analysis (Anna Isabel et. al., 2016). Through the motivation given by a businessman, he can influence others to do the same, related to innovation, strategy and the ability to manage his business (Shannon Riley, 2005).

H<sub>5</sub>: Motivation for Managing Finances to Apply Financial Statements

#### **4. Application of Financial Statements**

Understanding related to accounting which is a science of processing transactions into a financial report that is useful for anyone for decision making. Making financial statements requires certain standards to be read by anyone (Mary E. Barth et. al., 2001). Financial information that is the main highlight for a business must be conveyed in each period, for that financial literacy must be known for every businessman. Based on this literacy, a lot will be known about financial management, financial responsibility to financiers, and financial reporting at the end of each period (Anne Beyer et. al., 2002), (M. Isabel Brusca Alijarde, 2002).

H<sub>6</sub>: Financial Literacy towards Understanding Financial Statements and Motivation for Managing Finances and Application of Financial Statements.

H<sub>7</sub>: Financial Literacy towards Understanding Financial Statements and Application of Financial Statements.

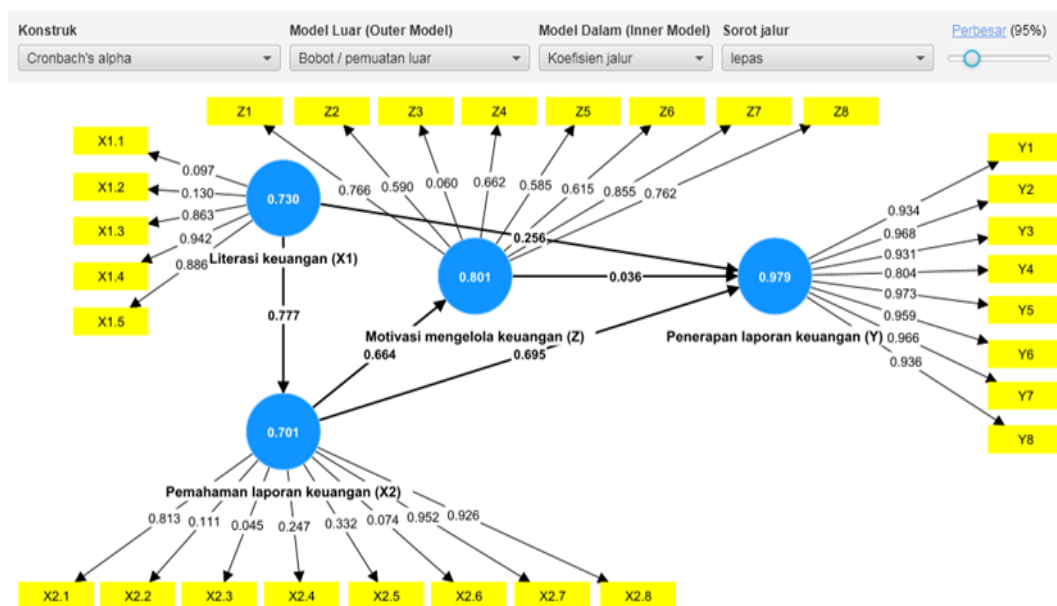
#### **RESEARCH METHODS**

This study used data sourced from food and beverage traders located in Jakarta. The selection of food and beverage merchants who were respondents in this study, because to become a food and beverage trader does not require a large enough capital but has the ability to innovate to make the products traded attractive to buyers so that they are unique compared to other products. Based on the survey, a location was obtained that allows interviews to be conducted and has the ability to fill out questionnaires that have been prepared in advance. The selection of respondents is not based on any particular qualification because not all sellers have the opportunity to be asked for information and the ability to explain well. As many as 65 traders have been obtained who meet the qualifications of MSMEs and have the ability to answer questionnaires well. The questionnaire provided consisted of 29 questions with 5 answer choices presented using a likert scale. Interview period and questionnaire filling for 1 month in 2022. Analysis of data obtained from respondents was carried out using smart PLS.

#### **FINDINGS AND DISCUSSION**

The research data obtained through culinary traders in Jakarta consists of 51% with higher education, 28% with high school / vocational education, and the remaining 22% have elementary / junior high school education. The age of respondents ranged from 20 years old to 25 years old with 82% married status and 12% unmarried. The length of business he has been in is on average 2-5 years. Most have food and beverage vendor businesses. Here are the Smart PLS test results for all variables.





**Figure 1. Smart PLS Test Results**  
Source: Smart PLS processing results

## Validity Test Outer Loading

Based on the validity test, the loading factor results were obtained  $> 0.5$  which illustrates that more than 50% of the latent variables have been able to emphasize the measurement indicators used. So it can be said that all indicators used in this test are valid and worthy of being used as a measuring instrument.

**Table 3. Outer Loading**

Indicators	X1	X2	Z	Y
X1.3	0.861			
X1.4	0.944			
X1.5	0.888			
X2.1		0.870		
X2.7		0.958		
X2.8		0.926		
Z1			0.835	
Z4			0.620	
Z6			0.605	
Z7			0.901	
Z8			0.780	
Y1				0.934
Y2				0.968
Y3				0.931
Y4				0.805
Y5				0.973
Y6				0.959
Y7				0.967
Y8				0.936

Source: Smart PLS processing results

## Convergent Validity Test

In the convergent validity test measured through the Average Variance Extracted (AVE) value, a number above 0.5 was obtained. So that all variables used are able to emphasize the strong relationship between variables in this study.

**Table 4. Corvergen Validity Test - AVE**

Variable	AVE
X1	0.807
X2	0.844
Z	0.573
Y	0.875

Source: Smart PLS processing results

### Discriminant Validity Test

The results of discriminant validity testing obtained cros loading results greater than the variable itself compared to the value of other variables. Here are the cross loading values of each variable.

**Table 5. Discriminant Validity Test - Cross Loading**

	Financial literacy (X1)	Understanding financial statements (X2)	Motivation to manage finances (Z)	Application of financial statements (Y)
X1.3	<b>0.861</b>	0.673	0.628	0.720
X1.4	<b>0.944</b>	0.721	0.507	0.769
X1.5	<b>0.888</b>	0.683	0.323	0.705
X2.1	0.713	<b>0.870</b>	0.433	0.710
X2.7	0.700	<b>0.958</b>	0.579	0.896
X2.8	0.717	<b>0.926</b>	0.655	0.859
Z1	0.381	0.441	<b>0.835</b>	0.376
Z4	0.362	0.371	<b>0.620</b>	0.238
Z6	0.144	0.219	<b>0.605</b>	0.249
Z7	0.571	0.601	<b>0.901</b>	0.611
Z8	0.445	0.535	<b>0.780</b>	0.665
Y1	0.746	0.879	0.650	<b>0.934</b>
Y2	0.757	0.868	0.591	<b>0.968</b>
Y3	0.729	0.884	0.632	<b>0.931</b>
Y4	0.742	0.654	0.466	<b>0.805</b>
Y5	0.754	0.857	0.605	<b>0.973</b>
Y6	0.814	0.885	0.558	<b>0.959</b>
Y7	0.779	0.845	0.609	<b>0.967</b>
Y8	0.783	0.832	0.557	<b>0.936</b>

Source: Smart PLS processing results

### Reliability Test

#### Composite Reliability

Testing the consistency of answers given by respondents regarding the questions asked to answer the objectives of this study, obtained a figure above 0.7. So it can be interpreted that the achievement of consistency from the respondents has been successfully carried out. The following is the value of achieving consistency from the respondents.

**Table 6. Reliability Test - Composite Reliability**

Variable	Composite reliability (rho_a)
Financial literacy (X1)	0.882
Motivation to manage finances (Z)	0.880
Understanding financial statements (X2)	0.916
Application of financial statements (Y)	0.982

Source: Smart PLS processing results

## Cronbach's Alpha

Test results measuring the strength level of relationships between variables have been achieved at Cronbach's alpha value which is above 0.60. As for the result is.

**Table 7. Reliability Test - Cronbach's Alpha**

Variable	Cronbach's alpha
Financial literacy (X1)	0.879
Motivation to manage finances (Z)	0.816
Understanding financial statements (X2)	0.907
Application of financial statements (Y)	0.979

Source: Smart PLS processing results

## R-Square

The R-square test aims to measure the degree of influence of free variables on bound variables which can be described below. The results provide an illustration that the Understanding of Financial Statements (X2) has an influence on the Application of Financial Statements (Y), it can be interpreted that the variable Application of Financial Statements (Y) can be explained by the variables Understanding Financial Statements (X2) and Motivation for Managing Finances (Z).

**Table 8. Test Total Effects and R Square Values**

Variable	R-Square	Adjusted R-square
X2	0.595	0.588
Z	0.374	0.364
Y	0.850	0.842

Source: Smart PLS processing results

## Path Coefficient

The step of testing the level of relationship between variables or hypothesis testing obtained T-Statistical results above 1.64 and P values below 0.05 or 5%, this indicates that there is a significant and insignificant relationship.

**Table 9. Hypothesis Test – Path Coefficient**

Variable	Original sample (O)	Sample average (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P-value (Pvalues)
X1 – Y	0.284	0.284	0.072	3.944	0.000
X1 - X2	0.771	0.771	0.055	14.052	0.000
X2 – Y	0.625	0.625	0.061	10.258	0.000
X2 – Z	0.611	0.619	0.075	8.188	0.000
Z – Y	0.090	0.089	0.065	1.378	0.168
X1 – X2 – Z – Y	0.051	0.052	0.040	1.266	0.206
X1 – X2 - Y	0.583	0.584	0.075	7.766	0.000

Source: Smart PLS processing results

In hypothesis 1, a significant relationship was obtained between Financial Literacy and the Application of Financial Statements with a value of 0.284. This can be interpreted as a positive relationship and H1 is accepted. For the result of hypothesis 2 of 0.771, it can be interpreted that there is a significant relationship between Financial Literacy and Understanding of Financial Statements, then H2 is accepted. Furthermore, hypothesis 3 obtained a result of 0.625 which measures the relationship between the Understanding of Financial Statements to the Application of Financial Statements, giving significant results so that H3 can be accepted.

Hypothesis 4 which measures the relationship between Financial Statement Understanding and Financial Statement Motivation gives a result of 0.619 can be interpreted as H4 accepted. For hypothesis 5 which relates between the Motivation of Managing Finances to the Application of Financial Statements has a significant relationship of 0.090 so that H5 is accepted. Testing of hypothesis 6 which describes the relationship between Financial Literacy, Understanding Financial Statements. The motivation of the Financial Statements, towards the Application of Financial Statements to give a result of 0.051 gives the meaning of a significant relationship and is accepted. For hypothesis 7 is the relationship between Financial Literacy to the Understanding of Financial Statements and the Application of Financial Statements gives a result of 0.583 which can be interpreted as having a significant relationship and the hypothesis is accepted.

The results of the tests that have been carried out in the hypothesis as many as seven, can provide an illustration that the relationship between Financial Literacy and Understanding of Financial Statements, Motivation for Financial Statements and the Application of Financial Statements has a significant relationship. So that based on an understanding of Financial Literacy, it can provide an understanding of financial statements that make every MSME able to apply their financial calculations through the preparation of financial statements.

## CONCLUSION

The growth of culinary businesses in the Jakarta area provides meaningful hope in the midst of a dense population. Almost every day many new businesses appear that seek to sell food and beverages in new forms, but their ability to last longer seems to be questionable. This is because they do not have the ability to innovate products and trading strategies. Moreover, it is related to the understanding of financial literacy which in fact can be used as one of the basics in measuring the development of the business they do.

Based on the results of interviews conducted directly with beverage and food business actors, most of them are interested in learning the preparation of financial statements but no one has yet started to socialize how to calculate them. It is expected that the results of this research will be submitted to the Office of Cooperatives and MSMEs to conduct counseling and training on business calculations and the use of these financial statements for business progress.

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