

Analysis The Implementation Of Financial Accounting Standards (Sak Emkm) In Scarveil Msme Financial Reports

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ABSTRAK

Penelitian ini bertujuan untuk menganalisis dampak penerapan Standar Akuntansi Keuangan untuk Usaha Mikro, Kecil, dan Menengah (SAK EMKM) terhadap kinerja keuangan Scarveil. Pendekatan yang digunakan adalah deskriptif kualitatif dengan wawancara, observasi, dan dokumentasi. Hasil analisis menunjukkan bahwa meskipun beberapa praktik akuntansi sudah relevan, namun peningkatan kepatuhan terhadap standar akuntansi diperlukan untuk meningkatkan profitabilitas dan keberlanjutan usaha. Penelitian ini hanya fokus pada Scarveil, sehingga temuan ini tidak dapat digeneralisasi untuk semua UMKM di Indonesia. Penelitian ini memberikan kontribusi tentang pentingnya penerapan SAK EMKM bagi UMKM di Indonesia, membantu pemilik bisnis dan pembuat kebijakan dalam meningkatkan kinerja keuangan, transparansi dan akuntabilitas laporan keuangan.

ABSTRACT

This study aims to analyze the impact of implementing the Financial Accounting Standards for Micro, Small, and Medium Enterprises (SAK EMKM) on the financial performance of Scarveil. A descriptive qualitative approach was used, involving interviews, observations, and documentation. Data collected includes financial reports and transaction records from Scarveil. The analysis indicates that although some accounting practices are adequate, further improvement in compliance with accounting standards is essential for enhancing profitability and business sustainability. This study focuses solely on Scarveil, so the findings may not be generalizable to all SMEs in Indonesia. Although the findings are specific to Scarveil, they contribute to a deeper understanding of how SAK EMKM can improve financial

transparency and accountability for MSMEs in Indonesia, offering valuable insights for business practitioners and policymakers.

PENDAHULUAN

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in the Indonesian economy. According to data from the Ministry of Cooperatives and MSMEs, in 2024, the number of MSMEs in Indonesia reached over 65 million units, representing approximately 99.9% of the total number of businesses in the country (Ministry of Cooperatives and MSMEs of the Republic of Indonesia, 2024). Furthermore, in 2023, MSMEs contributed 61% to Indonesia's Gross Domestic Product (GDP). The growth of MSMEs in Indonesia continues to rise, in line with the government's efforts to support this sector through various programs and policies. MSMEs also provide employment for around 117 million people, which accounts for 97% of the total workforce. Along with this growth, effective promotion of MSMEs appears to have a positive impact on customers, which in turn can enhance the competitiveness and contribution of this sector to the economy (Novanda, 2023).

The application of good accounting practices, including the preparation of accurate financial statements, is essential for MSMEs (Yuliati et al., 2019). Accurate financial reports can help entrepreneurs make informed decisions, attract investors, access financing from financial institutions, and reduce the risk of poor financial quality (Hidayah & Galung, 2023). However, many MSMEs in Indonesia still face difficulties and lack understanding in implementing proper accounting principles, resulting in low-quality financial statements (Farhan et al., 2020).

One solution to improve the quality of financial statements for MSMEs is by adopting the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) (Umami & Cania, 2022). SAK EMKM is specifically designed to meet the accounting needs of small and medium enterprises and can help enhance transparency and accountability. According to a study by Manehat & Sanda (2022), the majority of

MSME entrepreneurs in Indonesia have not yet adopted SAK EMKM. This indicates that there are still challenges MSMEs face in implementing the applicable accounting standards (Ramadhan, & Fitriana, 2023). Scarveil is one such Micro, Small, and Medium Enterprise (MSME) focused on the fashion industry. Scarveil faces significant challenges in financial management, one of the main issues being the lack of adoption of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) in preparing its financial reports. Without the proper application of accounting standards, Scarveil's financial statements risk being inaccurate, which could result in difficulties in decision-making, budgeting, and resource management. This situation is concerning as it can affect the financial performance and growth of Scarveil in the future. Therefore, it is important to analyze the implementation of SAK EMKM and assess its impact on financial performance (Imawan et al., 2023).

The application of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) is a crucial step for MSMEs in managing their finances and improving the transparency of their financial reports (Wardokhi et al., 2024). MSMEs need to implement SAK EMKM because it is specifically designed to meet the needs and capacities of small and medium enterprises, making it simpler and more relevant. By following these standards, MSMEs can improve the transparency of their financial reports, which is vital for building trust with stakeholders such as customers and investors (Indriani et al., 2024). Furthermore, financial statements that comply with SAK EMKM make it easier for MSMEs to access financing, as banks and financial institutions are more likely to trust reports that adhere to accounting standards (Hasanah & Sukiyaningsih, 2021).

Adopting the SAK EMKM standards helps MSMEs comply with regulations, reduce the risk of legal issues, and prepare for future growth and expansion (Siregar et al., 2024). Therefore, the implementation of SAK EMKM is crucial for improving the performance and sustainability of MSMEs in Indonesia. By understanding and applying SAK EMKM, it is expected that Scarveil can improve operational efficiency, attract more investors, and ultimately strengthen its position in the increasingly competitive fashion market.

Micro, Small, and Medium Enterprises (MSMEs) play a significant role in Indonesia's economy, making substantial contributions to job creation and economic growth (Habibah & Setyaningrum, 2024; Manan et al., 2024). However, many MSMEs, including Scarveil, face challenges in managing their finances effectively. One of the key issues that prompted this article is the lack of information regarding the implementation of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM). Many MSME entrepreneurs have not fully understood how this standard can be applied to their financial reports (Rahmadianti, 2024).

This study aims to analyze the implementation of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) at Scarveil and its impact on the company's financial performance. The research questions that guide this study are: First, how is SAK EMKM implemented at Scarveil in the preparation of financial statements? Second, what is the impact of SAK EMKM implementation on Scarveil's financial performance, including profitability, liquidity, and operational efficiency? Third, what challenges does Scarveil face in implementing SAK EMKM in its accounting practices? Lastly, how can the implementation of SAK EMKM improve the quality of financial statements and support Scarveil's growth and sustainability in the long term? By understanding the application of good accounting practices, it is hoped that Scarveil and other MSMEs can improve their financial performance and contribute more significantly to the national economy.

This study has limitations as it focuses only on one MSME, namely Scarveil. This limitation may restrict the generalizability of the results to all MSMEs in Indonesia. Moreover, while there have been studies on the implementation of SAK EMKM, there are still few studies that explore its impact in depth in specific contexts such as Scarveil. This gap highlights the need for further research to better understand how the application of SAK EMKM can affect the financial performance of MSMEs across various sectors. The gap this paper aims to address includes the lack of optimal methodologies in the implementation of SAK EMKM. Many MSMEs do not have clear guidance on how to implement this standard in daily practice, leading to inaccurate financial reports. Additionally, the practical relevance of SAK EMKM implementation needs to be emphasized.

By understanding how SAK EMKM can be effectively applied, MSMEs like Scarveil can enhance the quality of their financial statements, which will ultimately support better decision-making and sustainable growth. Through this analysis, it is expected that this study will provide deeper insights into the implementation of SAK EMKM in the financial statements of Scarveil and offer recommendations that will benefit other MSMEs in improving their accounting practices in accordance with the applicable standards.

TELAAH LITERATUR

SAK EMKM

The Financial Accounting Standards for Micro, Small, and Medium Enterprises (SAK EMKM) is an accounting framework specifically designed to meet the financial reporting needs of SMEs in Indonesia. Approved by the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI) on October 24, 2016, and effective from January 1, 2018, SAK EMKM regulates common transactions frequently undertaken by SMEs, using historical cost as the measurement basis. This allows entities to record assets and liabilities at their acquisition cost, thus simplifying the accounting process for small business owners. Additionally, SAK EMKM emphasizes the importance of separating the personal wealth of the owner from the business's assets, which is a fundamental assumption in the preparation of financial statements. The purpose of SAK EMKM is to provide a simple accounting framework, enabling SMEs to prepare transparent and accountable financial reports. The application of SAK EMKM is expected to enhance the quality of financial reporting, thereby supporting better decision-making and improving access to financing.

Empirical studies indicate that many SMEs still struggle with its implementation. For instance, a study conducted on UMKM XYZ in Yogyakarta revealed that these enterprises often do not utilize applicable standards when preparing financial statements, resulting in reliance on cash basis accounting instead of the required accrual basis as mandated by SAK EMKM (Tatik, 2018). Additionally, research highlights that factors such as limited understanding of accounting principles and insufficient training contribute to non-compliance with SAK EMKM among SMEs (Didied et al., 2024). A case study of Sekarsari Florist in Surabaya found that the owner lacked awareness and understanding of SAK EMKM, which hindered its implementation (Putri & Meldona, 2024). These findings highlight the need for targeted education and support initiatives to enhance compliance with SAK EMKM and improve financial reporting quality among SMEs.

UMKM

Micro, Small, and Medium Enterprises (UMKM) play a significant role in Indonesia's economy. According to Undang-undang No. 20 of 2008, UMKM are defined as productive businesses owned by individuals or legal entities that meet specific criteria. UMKM make a substantial contribution to job creation and national economic growth, with the sector accounting for approximately 97% of employment in Indonesia. UMKM in Indonesia are categorized into three groups: Micro Enterprises, which have assets up to IDR 50 million and annual revenue not exceeding IDR 300 million; Small Enterprises, with assets ranging from IDR 50 million to IDR 500 million and annual revenue between IDR 300 million and IDR 2.5 billion; and Medium Enterprises, which have assets between IDR 500 million and IDR 10 billion, and annual revenue between IDR 2.5 billion and IDR 50 billion. UMKM are vital to the Indonesian economy, contributing around 99.9% of the total number of businesses and absorbing about 96.9% of the national workforce**. Moreover, the sector makes a significant contribution to the Gross Domestic Product (GDP), accounting for over 60%. With substantial export potential, UMKM products also help increase foreign exchange and diversify national revenue sources.

Financial Statements

Financial statements are essential documents that provide information about the financial position and performance of an entity over a specified period. According to Munawir (2019), financial statements are the result of the accounting process and serve as a communication tool between a company's financial data and relevant stakeholders. Kasmir (2019) further notes that financial statements reflect the financial condition of an entity at a particular point in time, offering insights into the performance and financial status of the company. Raymond Budiman (2021) explains that financial statements present the financial position and

performance of a company over a given period, enabling stakeholders to access relevant information for decision-making. Therefore, financial statements serve not only as a tool for management accountability but also as a crucial source of information for investors, creditors, and other interested parties in assessing a company's financial health.

METODE

This study uses a qualitative research method with a descriptive approach. The qualitative descriptive approach was selected for this study due to its capacity to facilitate an in-depth exploration of the experiences, practices, and perceptions of participants (Dwijayanti et al., 2024). This methodology is crucial for gaining a comprehensive understanding of the application of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) within a specific context.

The research was conducted at Scarveil, an MSME located in Bandung. The researcher utilized two data collection techniques: observation and interviews. Observation was carried out during the process of preparing financial statements to directly observe the accounting practices implemented. Interviews were conducted with the managers and staff of Scarveil to obtain in-depth information about their accounting practices and their understanding of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM). The interview results serve as primary data, while secondary data was obtained from transaction records, sales invoices, purchase invoices, and literature from journals.

In the interviews, we aimed to explore detailed information about accounting practices at Scarveil by asking a several questions. The interview questions were designed to explore various aspects of Scarveil's financial accounting practices. These included the steps involved in preparing financial statements, the participants' understanding and knowledge of SAK EMKM, and the challenges and barriers they face in applying the standard. The questions also aimed to assess the perceived benefits of implementing SAK EMKM on business operations and its impact on financial decision-making processes. The analytical tool used in this study is the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM). The analysis was conducted by comparing existing practices with SAK EMKM, allowing for the identification of both conformities and discrepancies. Subsequently, financial performance analysis was performed to assess whether these accounting practices had an impact on the financial performance of Scarveil. Various financial indicators, such as profitability, liquidity, leverage, and activity, were evaluated to understand whether the application of SAK EMKM contributed positively to the sustainability and growth of the MSME.

RESULT AND DISCUSSION

Scarveil is a Micro, Small, and Medium Enterprise (MSME) established in 2022, operating as an online shop in the fashion industry. To date, Scarveil does not have any branch offices and consists of a team of three permanent employees: an administrator, a project manager, and an operations staff member. In addition, there are two freelance employees who act as hosts in the live streaming program. Scarveil operates under PT Jivara Nusantara Bawera, an agency focused on digital marketing and creative services. PT Jivara Nusantara Bawera has three business sub-units, covering education, creative marketing, and IT.

Currently, Scarveil shows good business growth, but it faces a number of challenges and obstacles related to production and sales aspects. Although products are produced four times a month with a target stock level of 1,000 pieces, sales have not been adequate. In terms of inventory management, Scarveil restocks only when the remaining stock drops to 20 pieces, ensuring product availability while minimizing the risk of unsold inventory.

Accounting records at Scarveil are kept using a per-transaction method, updated daily and reported on a monthly basis. However, the accounting system follows a format based on previously used accounting work rather than adhering to the Financial Accounting Standards (SAK). Over the past three months, Scarveil has started preparing financial statements, but previously, it only recorded transactions in a simple manner without preparing a balance sheet or income statement. The accounting records are kept using Microsoft Excel, without utilizing accounting software.

Interviews and observations reveal that Scarveil has not yet implemented the Financial Accounting

Standards for Micro, Small, and Medium Entities (SAK EMKM) in its accounting practices. While there have been efforts to record transactions and prepare monthly reports, non-compliance with SAK EMKM means that the resulting reports are unreliable and do not accurately reflect the financial situation, reducing transparency and accountability in the financial statements. Over the past three months, Scarveil has begun preparing financial statements with accounting, although previously, it only performed basic recording. The current reports still do not include all essential components, such as a balance sheet, income statement, and cash flow statement.

An analysis of Scarveil's accounting records reveals discrepancies with SAK EMKM regulations. Several key elements of financial reporting have not been properly prepared, which could lead to errors in decision-making. This incompleteness negatively impacts the management's ability to evaluate financial performance and results in low-quality financial reporting.

The impact of not implementing SAK EMKM is significant for Scarveil. Therefore, it is crucial for Scarveil to immediately adopt SAK EMKM to improve the quality of its financial reports and enhance its competitiveness in an increasingly competitive market. The implementation of SAK EMKM is expected to provide a better structure for financial record-keeping, enhance transparency, and open new opportunities for financing access and business development. As part of the financial analysis of Scarveil, the following table presents the Balance Sheet for the period of July 2024. This table reflects the company's financial position, including assets, liabilities, and equity.

Table 1. Balance Sheet Scarveil
Scarveil
Per July 2024
(In Rp)

Assets		Liabilities	
Current Assets:		Account Payables:	
Cash		Salaries Payable	21.200.000,00
Cash-Shopee	9.643.570,00	Accrued Expense	9.000.000,00
Cash-Tiktok	6.230.373,00	Total Account Payables	30.200.000,00
Bank			
BCA	1.560.242,00	Total Account Payables	30.200.000,00
Bank Jago	304.853,00		
Account Receivable		Equity	
Shopee	15.443.631,00	Paid-in Capital	52.506.286,00
Tiktok	4.789,00	Retained Earning	-26.939.564,00
Offline	882.500,00	Current Profit/Loss	192.642,00
Prepaid Expense	3.250.000,00	Dividen	0
Inventory	18.639.406,00		
Total Current Assets	55.959.364,00	Total Equity	25.759.364,00
Total Aset	55.959.364,00	Total Liabilities & Equity	55.959.364,00

Source: Scarveil's Financial Report Data for July 2024

As a continuation of Scarveil's financial analysis, the following table presents the Income Statement for the period of July 2024. This table provides information on revenues, expenses, and the final results obtained during the period. By understanding this income statement, we can identify the company's operational performance and how revenues and expenses impact Scarveil's financial results.

Table 2. Income Statement Scarveil
Scarveil
Income Statement
Per July 2024
(In Rp)

Revenues	
Online Revenue	
Shopee Revenue	108.529.000,00
Tiktok Shop Revenue	245.000,00
Lazada Revenue	108.375,00
Total Revenue	108.882.375,00
Offline Revenue	
Reseller Revenue	3.797.500,00
Total Offline Revenue	3.797.500,00
Total Revenues	112.679.875,00
Sales Discounts	
Discount Shopee	47.088.000,00
Discount Tiktok	82.075,00
Discount Lazada	6.304,00
Discount Reseller	379.750,00
Total Sales Discounts	47.556.129,00
Commission Expense Online	
Commission Expense Shopee	4.803.898,00
Commission Expense Tiktok	7.006,00
Total Online Commission Expense	4.810.904,00
Net Income	60.312.842,00
Cost of Goods Sold	
Beginning Inventory	14.804.406,00
Ending Inventory	18.639.406,00
Cost of Goods Sold	23.670.000,00
Overhead Cost	
Packaging Expense	115.200,00
Total Overhead Cost	115.200,00
Total Cost of Goods Sold	23.785.200,00
Gross Profit	36.527.642,00
Selling Expenses	
Advertising and Promotion Costs	
Shopee Advertising and Marketing Costs	18.870.000,00
Total Selling Expenses	18.870.000,00
Administrative and General Expenses	
Staff Salaries	5.200.000,00
Director Salaries	5.000.000,00
Office Boy Salaries	2.000.000,00
Total Salaries & Indirect Wages	12.200.000,00
Other Administrative and General Expenses	
Profesional Fee Service	3.000.000,00

Live External	2.250.000,00	
Total Other Administrative and General Expenses		5.250.000,00
Total Administrative and General Expenses		17.450.000,00
Other Expenses		
Administration Bank	15.000,00	
Total Other Expenses		15.000,00
Total Other Income (Expenses)		-15.000,00
Profit/(Loss) Before Tax		192.642,00

Source: Scarveil's Financial Report Data for July 2024

From the financial statements above, the researcher is able to assess the financial performance of Scarveil MSME through the following analyses:

DISCUSSION

Profitability Analysis

Table 3.
Profitability Analysis

Analysis	Result	Industry Standar	Value
Return on Asets (ROA)	0,34%	5,98%	Inadequate
Return on Equity (ROE)	0,75%	8,32%	Inadequate
Margin Net Profit	0,17%	3,92%	Inadequate

Source: Data Processed by the Author

The Return on Assets (ROA) of 0.34% indicates that Scarveil still needs to improve its efficiency in utilizing assets to generate profits. With the amount of assets it has, the company could be more effective in addressing various issues within the business (Handayani & Aulia, 2024). For MSMEs, this is crucial as limited capital often becomes an obstacle to growth. The Return on Equity (ROE) of 0.75% suggests that shareholders, who are often the business owners themselves, are not receiving adequate returns on their investment (Ajah & Onowu, 2024; Keumala, 2023). The very low Net Profit Margin of 0.17% highlights the need for the MSME to control costs and increase sales in order to survive in a competitive market (Gogilidze, 2024; Wu, 2024; Tyoso & Haryanti, 2020).

Liquidity Analysis

Table 4
Liquidity Analysis

Analysis	Result	Industry Standar	Value
Current Ratio	1,85 time	2 time	Inadequate
Quick Ratio	1,24 time	1,5 time	Inadequate

Source: Data Processed by the Author

From a liquidity perspective, the Current Ratio of 1.85 indicates that Scarveil has the ability to meet short-term obligations, which is crucial for MSMEs that often face cash flow fluctuations (Santika et al., 2024; Lu et al., 2020). The Quick Ratio of 1.24 suggests that the company can cover its liabilities without relying on inventory (Kusumuawardani, 2022; Orobia, 2024), which is important for maintaining liquidity in times of urgency.

Leverage Analysis

Table 5
Leverage Analysis

Analysis	Result	Industry Standar	Value
<i>Debt to Equity Ratio (DER)</i>	1,17	≤ 1	Inadequate

Source: Data Processed by the Author

The Debt to Equity Ratio (DER) of 1.17 indicates that Scarveil relies more on debt to finance its operations than on equity (Hermawan, 2024; Diaphenia et al., 2023). This is common for MSMEs that require additional capital for growth, but it should be monitored as it increases financial risk in the future. A Debt Ratio of 0.54 suggests that more than half of the company's assets are financed through debt (Wati, 2023; Sucipto Hasibuan, 2020), which can limit financial flexibility. One of the key aspects of this analysis is the company's value assessment, which reflects the overall well-being of the stakeholders (Ishak, 2024; Kurniawan & Merina, 2023).

Activity Analysis

Table 6
Activity Analysis

Analysis	Result	Industry Standar	Value
<i>Inventory Turnover</i>	1,42 time	20 time	Inadequate
<i>Accounts Receivable Turnover</i>	22,07 time	15 time	Positive

Source: Data Processed by the Author

The activity analysis shows that the Inventory Turnover of 1.42 indicates the need for Scarveil to improve inventory management. This is particularly relevant for MSMEs that often operate with limited inventory (Panjaitan et al., 2024; Bavani et al., 2024). On the other hand, the Accounts Receivable Turnover of 22.07 demonstrates high efficiency in collecting receivables, which is very positive for cash flow.

Table 7
Analysis of the Differences in Accounting Practices According to SAK EMKM and Scarveil's MSME

Description	No	According to SAK EMKM	According to UMKM Scarveil	Compliance
Recognition	1	Assets and liabilities are recognized when the entity becomes a party to the contractual provisions of the asset and liability.	UMKM Scarveil does not follow the contractual terms of assets and liabilities.	Not in accordance with SAK EMKM
	2	Inventory is recognized when acquired at its acquisition cost.	Inventory is recognized and recorded at its acquisition cost..	In accordance with SAK EMKM
	3	Fixed assets are recognized at their acquisition cost.	UMKM Scarveil recognizes fixed assets at their acquisition cost.	In accordance with SAK EMKM
	4	Revenue/sales are recognized when there is a right to payment received or receivable, whether in the present or future.	UMKM Scarveil recognizes the right to payment that is received or still to be received, either in the present or future.	In accordance with SAK EMKM
	5	Revenue/sales are recognized from the sale of goods or provision of services when the goods are sold or services are rendered to customers.	UMKM Scarveil recognizes revenue/sales when goods have been sold or provided to the customer.	In accordance with SAK EMKM
	6	Expenses are recognized when cash is paid.	UMKM Scarveil recognizes expenses when cash is paid.	In accordance with SAK EMKM
Measurement	1	Assets and liabilities are measured at acquisition cost.	UMKM Scarveil measures assets and liabilities at acquisition cost.	In accordance with SAK EMKM

	2	Inventory is measured using the standard cost method, or retail method. Entities may choose to use the first-in, first-out (FIFO) or weighted average cost method in determining the cost of inventory.	UMKM Scarveil does not use any method in determining its inventory.	Not in accordance with SAK EMKM
	3	Entities measure all fixed assets, except land.	UMKM Scarveil does not measure all fixed assets.	Not in accordance with SAK EMKM
Presentation	1	Assets and liabilities are presented in the statement of financial position.	UMKM Scarveil presents assets and liabilities in the statement of financial position.	In accordance with SAK EMKM
	2	Inventory is presented as part of assets in the statement of financial position.	UMKM Scarveil presents inventory as part of assets in the statement of financial position..	In accordance with SAK EMKM
	3	Revenue is presented in the statement of profit or loss.	UMKM Scarveil presents revenue in the statement of profit or loss..	In accordance with SAK EMKM
	4	Expenses are presented in the statement of profit or loss.	UMKM Scarveil presents expenses in the statement of profit or loss.	In accordance with SAK EMKM
	5	Notes to the financial statements	UMKM Scarveil does not prepare notes to the financial statements.	In accordance with SAK EMKM
Reporting	1	Statement of Financial Position: - Current Assets: Cash and Cash Equivalents, Bank Giro Deposits - Fixed Assets: Accumulated Fixed Assets - Liabilities: Accounts Payable, Bank Loans - Equity: Capital, Retained Earnings	Overall, UMKM Scarveil has prepared the statement of financial position according to SAK EMKM, but it has not included Fixed Assets in its financial position report.	Nearly accordance with SAK EMKM
	2	Statement of Profit or Loss: - Revenue - Expenses	UMKM Scarveil has prepared the statement of profit or loss according to SAK EMKM.	In accordance with SAK EMKM

Based on the analysis of the financial statement compliance of Scarveil's MSME with the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM), it is evident that although most of the recognition, measurement, and presentation of assets, liabilities, revenues, and expenses have been carried out in accordance with the guidelines, there are several significant discrepancies. Scarveil does not follow the contractual provisions for the recognition of fixed assets and does not apply the prescribed methods for inventory measurement. Additionally, the absence of notes to the financial statements is also a concern. Nevertheless, the presentation of the financial position statement and the income statement has generally been done well. This indicates that while the company can present its financial position and income statement adequately, there are important aspects that need to be improved to fully comply with SAK EMKM. This non-compliance not only affects the accuracy of the financial statements but also has the potential to impact managerial decision-making and the company's sustainability.

The analysis of Scarveil's financial performance shows a significant relationship between the implementation of SAK EMKM and the company's financial results. The low profitability performance, as reflected in ROA and ROE, indicates that the efficiency in the use of assets and capital has not yet been optimized. This directly correlates with how Scarveil recognizes and measures revenue and expenses, in line with SAK EMKM principles. Inaccuracies in revenue recognition may contribute to low profits, hence a stricter application of these accounting standards is needed to improve profitability (Andy et al., 2022).

From a liquidity perspective, the healthy Current Ratio and Quick Ratio indicate that Scarveil can meet its short-term obligations. The implementation of SAK EMKM in the presentation of current liabilities and assets allows the company to better understand its financial position.

However, the high dependency on debt, as reflected in the Debt to Equity Ratio, underscores the need for transparency in the recognition and measurement of debt and equity. Non-compliance in this area could

increase financial risk. Therefore, Scarveil must adjust its accounting practices to align with SAK EMKM principles to reduce risks associated with its capital structure.

Inefficient inventory management, reflected in the low Inventory Turnover, indicates the importance of applying the provisions of SAK EMKM for the recognition and measurement of inventory. Proper implementation will help the company optimize inventory management and improve liquidity. Conversely, the efficiency in accounts receivable collection, shown by the high Accounts Receivable Turnover, demonstrates that the recognition of receivables in accordance with SAK EMKM is crucial to maintaining smooth cash flow.

Overall, although Scarveil has implemented some good accounting practices, there are significant discrepancies in several areas that need to be addressed in order to achieve full compliance with SAK EMKM. Enhancing this compliance will not only improve the accuracy of the financial statements but also provide a stronger foundation for managerial decision-making and the business's long-term sustainability. By adopting the appropriate accounting standards, it is hoped that Scarveil will be able to improve the quality of its financial reporting.

CONCLUSION

The implementation of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) at Scarveil is crucial for improving the quality of the financial statements produced. This study shows that by adopting SAK EMKM, Scarveil can improve its financial record-keeping structure, which has previously lacked transparency. This has implications for enhancing accountability and transparency in financial reporting, which are essential foundations for better decision-making.

From a practical perspective, the study recommends that MSMEs like Scarveil should prioritize the adoption of SAK EMKM by focusing on proper training for staff, simplifying the financial reporting process, and regularly reviewing compliance with the standards. Additionally, MSMEs should allocate resources to improve financial management practices, such as better cash flow management and cost control, which would directly impact their profitability and competitiveness.

From an academic standpoint, this research contributes to the limited literature on the impact of SAK EMKM on MSME financial performance, particularly within the context of Scarveil. It underscores the importance of further studies exploring the implementation of SAK EMKM across diverse sectors and regions to develop more tailored recommendations for MSMEs at large. Future research could also examine the long-term effects of SAK EMKM adoption on MSME growth and sustainability.

Overall, this study emphasizes that the implementation of SAK EMKM is a strategic step that Scarveil must take immediately to improve its financial performance. With better financial statements, Scarveil not only has the potential to survive but also to grow within the fashion industry. This, in turn, could have a positive impact on business growth and job creation as part of Indonesia's MSME sector.

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