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## RESEARCH ARTICLE

### ACCOUNTING INFORMATION SYSTEM AND IMPROVEMENT ON FINANCIAL REPORTING

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#### ABSTRACT

This article aims to determine Accounting Information Systems section of the Financial Statements. Accounting Information System is to collect, recor, store, and process data to produce information in decision making. In kompleknyadan extensive accounting information system, covering the scope of accounting transactions that cover all parts of the company, and the procedures in the process of accounting information systems ranging from the transaction until it generates financial reports. Accounting information system is a collection of subsystems that are interconnected with each other and work together in harmony to process financial data into the financial information required by the management in the decision making process in the field of finance.

#### INTRODUCTION

Good financial statements in accordance with the applicable reporting standards is produced by a process of accounting information systems (AIS) is good. According to Romney and Steinbart (2009), accounting information systems (AIS) is a system to collect, record, store, and process data to generate information for decision-making purposes. According Gelinias et.al (1993) accounting information system is a subsystem of management information systems, which collect, process and report information relating to financial transactions. According to Azhar Susanto (2008: 28), accounting information system is a collection of subsystems that are interconnected with each other and work together in harmony to process financial data into the financial information required by the management in the decision making process in the field of finance. BPK Chairman Harry Azhar Azis (2015) stated that in the financial statements found that its financial statements are still so bad that the decline of this opinion is generally caused by an entity not applying government accounting standards (SAP) as previous year.

Incompatibility with SAP include the presentation of assets and expenditures that are not supported by evidence. As a system composed of many components such as people, events, data, hardware, software, and network, system accounting information in its application vulnerable to problems and failures. According to Choe (1996), the successful application of accounting information system company not easy to achieve and often creates problems because it is influenced by many factors, among others: (1) Involve users;

(2) Support the leadership; (3) Training and education of users; (4) factors working groups within the organization; and (5) other organizational factors such as the size of the organization, Characteristic duties, and others. According to Burton, *et al.* (1992), in addition to organizational factors such as the complexity of the task, the size of the organization, leadership factors, and others, individual factors such as motivation, satisfaction, and the usefulness for the user determine the success of the implementation of accounting information systems. Individual factor is related to the human use of accounting information system that in itself contained aspects of humanity who have the desire, willingness, motivation, likes and dislikes, satisfied and dissatisfied, which in practice affect the behavior in the use of accounting information systems.

According Igrabia (1984) that the problems that arise in the use of information systems, computer-based accounting is related to economic issues, technology, systems concepts, and aspects of individual behavior. Of these factors issues related to aspects of the behavior of individuals who use accounting information system is the problem of the dominant occurs, it is because the accounting information system in practice requires precision perseverance, and even patience in the process of clerical start from the beginning of the transaction until the generated reports finance. Characteristic complexity of the process and accounting information systems should follow procedures for running the accounting information system, requires individuals implementing the accounting information system has a strong work within them in order to continuously be able to run the process accounting information system. With the formalization of information system development of accounting flaws in the user experience and personalized learning becomes insurmountable.

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Information accounting is also influenced by the other major factors, namely knowledge manager accounting / finance of accounting information systems. Complexity of accounting information system, the breadth of the scope of accounting transactions that include all parts of the company, and for many procedures in the process of accounting information systems ranging from the transaction until it generates financial reports, demanding a financial manager have sufficient capacity to undertake an evaluation of the trouble the system and then take sufficient action to overcome these problems, so it does not impact on the cycle of the overall system of accounting information. A small error in the process of accounting information systems such as the one in the journal transaction will have an impact on the financial statements inaccuracies.

According Delone *et al.* (1998), the complexity of the process of accounting information system requires the experience of a financial manager in the SIA (experience with AIS ) and AIS training (training in AIS ), both of which construct (user related construct) which determines the success of the implementation of accounting information systems. According to Choe (1996), training and education developers, managers, and users of accounting information systems (training and education developers, owners and users) is a critical success factor implementation of accounting information systems in the company, due to the complexity of the AIS and the variety of financial transactions that occur in throughout the company requires careful and continuous management, in order to produce the financial statements are valid. While. The successful implementation of accounting information systems is indirectly assumed to affect the company's financial performance. According to Azhar (2007), the effectiveness of the application of accounting information system in the company in addition can improve the speed and quality of the resulting information for decision-making, implementation of accounting information systems can also improve the quality of the relationship between individuals within the organization. The quality of relationships between individuals would encourage companies to become more dynamic so as to produce the company's performance. According to Romney and Steinbart (2009), the application of accounting information systems in the enterprise can add value (value added ) for the user in the form of the provision of financial information for planning, control and decision making of the company, which ultimately can improve overall company performance, namely performance of financial and non-financial performance.

Then Gelinas, *et al.* (1993), stated that the successful implementation of accounting information systems to encourage improvements in the daily business operations and improve the quality of corporate decision-making, both of which are major components to achieve the financial performance of organizational commitment company. Level besides affecting the successful implementation of accounting information systems in suspect also affect the company's financial performance. According to Chen, *et al.* (2002), the core of organizational commitment is loyalty that can drive someone to work hard to direct all his ability to achieve its goals. If the individuals in the organization of mutual work hard and directs all of his company's objectives in the long term will affect the company's financial performance. Knowledge of the financial manager of the accounting

information system theoretically also affect the company's financial performance as presented by Clercq and Dimov (2008). Clercq and Dimov (2008) say that their internal knowledge (internal knowledge) and external knowledge (external knowledge) within a manager in a particular field can make the organization more flexible to face competition and impact on the company's financial performance improvement. A financial manager who understand all the ins and outs of corporate finance, will be more creative in the various decisions that will affect the company's financial performance. Then the West and Noel (2009), in the context of human resources, the ability to understand the company's financial comprehension, is a source of competitive advantage (competitive advantage) and sustainability (sustainability) of the company, because every decision the company in various fields always intersect directly and can not be released of the company's financial strategy. Adequate knowledge of accounting information systems in themselves a financial manager, becomes very significant capital for the company to achieve competitive advantage especially turbulence facing global competition today. Competitive advantage can increase the prosperity of the company in the form of the creation of the company's cash flow through sales activity.

### Accounting Information System

Definition of Accounting Information Systems according to Romney and Steinbart (2006: 6) is as follows an accounting information system is a system that collects records, stores, and processes the data to produce information for decision makers. Meanwhile, according to Bodnar and Hopwood (2004: 3) definition of Accounting Information Systems are as follows, Accounting Information System is a collection of resources, such as human and equipment designed to alter financial data and other data into information. Such information is communicated to decision makers. According Bagranoff *et al.*, (2010: 8) understanding Accountancy information system is as follows an accounting information system is a collection of the data and processing procedures that creates the needed information for its users. AIS as a set of components that collect accounting of data, store it for future uses, and process it for end users. Based on the theories put forward, it can be concluded that the accounting information system is a collection of sub-systems or components either physical and non-physical are interconnected in harmony to process financial data into financial information. Accounting information system has a component that consists of hardware, software, brain ware procedures, databases, and network communication technology (Romney, 2006; O'Brien, 2005; and Azhar Susanto, 2004).

### Software

Baltzan (2011: A1) says that there are two main categories of information technology (information technology) hardware and software. Software is a collection of hardware executes instructions on the production of specific tasks. O'Brien and Steinbart (2009: 31) states that the software is composed of all the information collection process instructions.

### Hardware

According to Azhar Susanto (2010: 15) is a collection of software programs that are used to run the computer. The program is a series of computer commands systematically

arranged. Software includes operating systems, interpreters, and compiler. Operating system (operating system), serves to control the relationship between the components installed in the computer system. Interpreter and compiler, is software that acts as an interpreter language understood by humans into the language that computers understand. Interpreter and compiler is a package. (Azhar Susanto (2010: 15-20).

### Brainware

Brainware is an important part of the component of Accounting Information Systems. Brainware is a resource that is involved in making accounting information systems, data collection and processing, distribution and utilization of information (Azhar Susanto, 2008: 75). Brainware grouping according to Bentley and Whitten, 2007: 45 and Azhar Susanto, 2008: 75) is as follows:

- Owner Information Systems (systems owners)  
Sponsor is on the development of accounting information systems within an organization. System owner is responsible for the resources including human resources and costs required in the development of accounting information systems.
- User Information Systems (systems users). User information systems are those that use accounting information system has been developed (end user).
- The designer of Information Systems (systems designers)  
The system designer translates user requests and provide technical solutions on the constraints faced in the client organization. The activities are to design (design) file, database, input, output, network interfaces and programs to meet the needs of the user. System designers must also be able to integrate technical solutions for work or everyday user activities.
- Information System Builder (systems builders). Development build the information system components of information systems based on the specifications of the system designers.

### Procedure

Understanding the procedure according to Azhar Susanto (2008: 263) is a series of activities of the activities carried out repeatedly in the same way based on certain rules for running an information system. The procedure will eventually become a guide organizations in deciding what activities to do to perform its functions.

### Database

Bentley and Whitten (2011: 518) explains that a database is a collection of interrelated files. The key word is interrelated. A database is not merely a collection of files. The records in each file must allow for relationships to the records in other files. More specific definition is a data set that is under the control of database management system software. The database is said to be good if it has the function of data recovery, integrated, have a data security system, multi-access, has a system of authorization data, and has a data processing system either on-line or off-line .

### Communication Network Technology

Telecommunications system is a collection of hardware and software that is compatible arranged to communicate information to another location.

According Baltzan (2012 : B1), the telecommunications system allows data transmission over public or private networks. Network communication system is made by connecting two or more devices and set a standard methodology that can communicate. Characteristics of quality information system according DeLone and McLean (1992) is ease to use, system flexibility and ease of learning. Wixom and Todd (2005) characterize the quality of the information system are reliability, flexibility, integration, accessibility and timelines. Accounting information systems can be assessed through the performance of the Transaction Processing System (TPS), the criteria of the cycle of transaction processing, information systems integration, information systems adaptability and accessibility of information systems. Where these points into dimensions of transaction processing performance.

### Company Financial Performance

In general meaning of the word performance (performance) is defined as a record of the results or achievements, as described by Bernardin and Russell (1993) : performance is the record of the outcome produced on a specified time period. Performance is the outcome records generated in a period. Then Stolovitch and Keeps (1992) explains that the performance is a set of results that usually refers to the achievement of the implementation of the work performed. Then Gomes (2003) explains that the performance is the level of achievement or success achieved by an organization in a given period. In the study Gomes (2003), where the company's financial performance is the level of achievement or financial success achieved by a company in a given period. Level achievements or financial success is usually associated with the level of profit earned by the company. The success of Accounting Information System Application. Antiseden or factors affecting successful implementation of accounting information system has been put forward by many experts , among others : GR Kaye (1990), Raymond (1990), Choe (1996), Essex *et al.* (1998), Hussein *et al.* (2005).

Kaye G.R. (1990), divides the four aspects of the determinants of successful implementation of accounting information systems, namely: (1) Technology; (2) Task (task); (3) Structure; and (4) People (people). Raymond L. (1990), divides the successful aspects of the accounting information system into two parts, namely: (1) The context of the organization, such as: Size, maturity resources, and time frame; (2) The context of accounting information systems, namely AIS sophistication. Choe (1996), had eight critical success aspects of accounting information systems, namely: (1) Top management support; (2) Technical capability of AIS personal; (3) User involvement; (4) User training and education; (5) Steering committees; (6) Location of AIS department; (7) formalization of system development; and (8) Organization size.

Essex *et al.* (1998) , had eight critical success aspects of accounting information systems , namely: (1) Quality of user - developed applications ; (2) User self - sufficiency; (3) Organizational commitment ; (4) Quality of staff ; (5) Variety of services; (6) Quality of services ; (7) Facilitation of EUC; and (8) AIS role definition. Hussein *et al.* (2005), divided the five aspects of determining the success of accounting information systems, namely: (1) AIS facilities; (2) AIS

competency; (3) The AIS integration; (4) User support; and (5) Structure AIS. And Subherwal *et al.* (2006), dividing the six critical success aspects of information systems, namely: (1) Top management support; (2) Facilitating condition; (3) The user experience; (4) User training ; (5) User attitude; and (6) User participation.

In this context, there are two aspects of the measured variable influence on the successful implementation of accounting information systems, organizational commitment and knowledge manager. The reason is because the use of two-factor refers to the opinion Igrabia (1984) and Thompson *et al.* (1990), that the problems that arise in the use of information systems , computer-based accounting is related to economic issues, technology, systems concept, and aspects of individual behavior. Of these factors issues related to aspects of the behavior of individuals who use the system are the dominant issues occur. According to Neely (1995) performance measurement is a process of quantification for the actions undertaken. The main purpose of performance measurement is to assist companies in identifying performance problems and focuses on the effectiveness and efficiency of the company (Yuksel, 2004). Therefore, the performance measurement can be used to assess the success of the company and Also plays an important role in the control system and planning organizations (Kennerley and Neely, 2003; and Chan, 2004).

According to the literature, there are two ways of measuring the performance of the measurement of the performance of traditional and non-traditional performance measurement. Traditional performance measurement focuses on financial measures derived from financial statements, such as : growth, profit, return on investment, economic value added, and cash flow (Chan, 2004). To financial performance data is sourced from the financial statements, the traditional performance measurement is often criticized for serving past data and not oriented to the front so is considered less relevant to current circumstances. On the basis of this thinking then was born the concept of non-traditional performance measurement, one of which was developed by Kaplan and Norton (1996), known as performance measurement using the balanced scorecard approach.

On performance measurement balanced scorecard approach, in addition to using financial measures, as well as in traditional performance measurement system, performance measurement balanced scorecard also use a non-financial perspective, such as: customer perspective, internal business processes, and learning and growth perspective. Used measure of financial performance is profitability, which is defined as the company's ability to generate profits .The reasons for using performance measures of profitability are : (1) Profitability is an important measure of financial performance and are often used in research to measure the financial performance of companies (Barker and Cagwin , 2000; Salama, 2003; and Cagwin and Bouman, 2000); (2) The profitability can measure the overall performance of the company and can measure the level of efficiency in the management of assets, liabilities, and equity (Fraser and Ormiston, 1998) ; and (3) shareholders are more likely to use profitability, because the stability of the share price is highly dependent on the level of profits and dividends in the future (Agus Sartono, 2001).

Profitability can be measured using several ratios, among others: return on assets (ROA), return on equity (ROE) and profit margin (Gibson, 1992; Mamduh and Abdul Halim, 2000; Boland 2002; and Gitman, 2003). ROA is often called return on investment (ROI), which measure the overall effectiveness of the company's management in generating profits with the use of available assets (Gitman, 2003). ROA is calculated by comparing the net income by total assets. This measure is generally accepted as a measure of financial performance in empirical studies (Barker and Cagwin, 2000). In this study ROA chosen as a measure of financial performance because it has been used widely in a variety of empirical research to measure profitability (Cohen *et al.*, 1997; Barker and Cagwin, 2000; and Yoshikawa, 2003).

### **Effect on the success of accounting information systems company financial performance**

As revealed by Azhar Susanto (2007), the successful application of accounting information system not only can improve the speed and quality of the resulting information for decision-making quality, but also will improve the quality of relationships between individuals in the organization. The quality of relationships between individuals will drive a more dynamic company that produces high performance. The higher the level of success of the Application of Accounting Information Systems will be higher the level of the Company's Financial Performance for ROA dimensions and Profit Margin. Gelinas, *et al.* (1993), that successful implementation of accounting information systems to encourage improvements in the daily business operations and also improve the quality of corporate decision-making, both of which are major components of financial performance.

Dimensions ROA and profit margins study conducted by Chang and King (2005), Michael J Zhang (2007a), and Michael J. Zhang (2007b). Chang and King ( 2005) found that the scorecard information system functions (system performance, information effectiveness and service performance), a positive influence on the effectiveness of business processes and organizational performance Zhang (2007a) concluded : (1) the interaction between the IS Support for information sharing and IS Connectivity positive effect on the company's performance; and (2) the interaction between the IS Support for interpretation of information and IS Connectivity negatively affect the company's performance. Then Zhang (2007b) concluded: (1) IS complemented with a unique organizational culture significantly influence the company 's performance; (2) IS complemented with a unique vertical integration and diversification related positive effect on the company's performance ; and (3) IS complemented with a unique knowledge and information positively affects company performance.

Accounting information systems and financial performance in the dimension of ROE, is caused by : (1) It is the complexity of the factors affecting the Company's financial performance (ROE) ; and (2) the accounting information system as a tool to produce financial information affects financial performance (ROE) through other factors such as the decision-making process, decision quality, dynamic individuals in the organization, efficiency and effectiveness, and others. Because many of the factors that mediates (intervening) the success of

the adoption of the SIA and Corporate Financial Performance ROE, then directly Successful Implementation of SIA does not affect the Company's financial performance (ROE). The application of accounting information system affect the company's financial performance, thought developed (specific dimensions of ROA and profit margin), namely that the effectiveness of the application of accounting information system can generate financial accounting information that is valid and reliable.

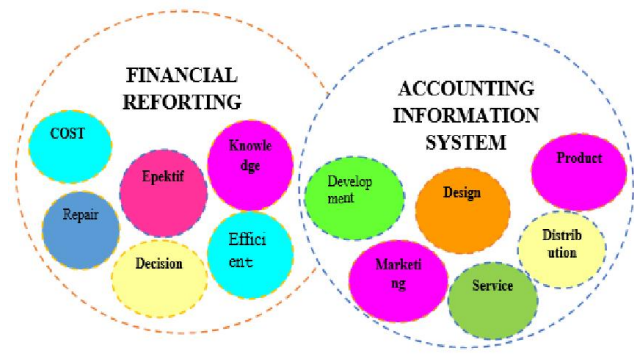
With the financial accounting information that is valid and reliable will produce good decisions and also to create the quality of relationships between individuals, because of financial accounting information that is valid and reliable to encourage the creation of transparency which could ultimately eliminate the suspicion among individuals within the company. The loss of suspicion among individuals within the company will further create dynamic employees in the work, which will improve the overall financial performance (profitability) and non-financial performance of the company.

Besides, as suggested by Chang and King (2005), Implementation of accounting information system can affect the efficiency and effectiveness of the business processes of a company. The efficiency and effectiveness of business processes will reduce wastage costs and will increase productivity and profits. In order for a company to operate effectively, efficiently, and control, accounting information system is one that is absolutely necessary as told by Romney and Steinbart (2009), accounting information system is part of the infrastructure of the company in conjunction with the human resources and technology and become support activities (support activity) in value creation (value) for the customer. As one of the supporting activities.

Accounting information systems play a role in the provision of financial information that is useful to the five major activities of the company, through the improvement (improvement):

(1) The quality and reducing the cost of products and services; (2) Efficiency; (3) The spread of knowledge (knowledge sharing); (4) The efficiency and effectiveness of the value chain; (5) The improvement of the internal control structure; and (6) Decision-making (Romney and Steinbart, 2009). According Horngren et.al (2000), accounting information systems play an important role in the provision of financial information, especially information costs (cost), which is useful for the creation of value (value) in the company's six business functions, namely:

(1) Research and development; (2) Design of products, services, or processes; (3) Production; (4) Marketing; (5) Distribution; and (6) customer service. Does not mean that when an accounting information system applied in a company will always produce the efficiency, effectiveness, and good control. According to Choe (1996), the successful application of accounting information system in a company is a crucial issue because it is affected by several factors, among others: (1) The involvement of users; (2) Support the leadership; (3) Training and education of users; (4) factors working groups of the organization; and (5) other organizational factors, such as size, Characteristic tasks, and others.



**Previous Research**

Kaye (2001), the successful application of accounting information system is not easy to achieve, because it is determined by the situation in which the accounting information system is implemented, namely: (1) Environmental factors, namely related to external factors and factors in the organization; (2) Content (content) accounting information system, the main elements of the system that includes tasks, structure, technology, and people; and (3) the process of system implementation. When the factors that influence the successful implementation of accounting information systems can be addressed properly, will create a dynamic organization and will have an impact on the company, which is becoming more efficient, effective, and controlled or also known as having a good performance Lesi Hertati (2015).

Besides expert opinions above, successful implementation of accounting information systems in some studies have also shown to affect the company's financial performance, among other research conducted by: Chang and King (2005), Michael J Zhang (2007a), and Michael J. Zhang (2007b). From the results of a survey of 346 users of the system information on 149 organizations, Chang and King (2005) found that the scorecard information system functions (system performance, information effectiveness and service performance), a positive influence on the effectiveness of business processes and financial performance of the organization. Zhang (2007a) conducted a study on the effect of moderating the connectivity information systems to support the relationship between the IS and the company's performance.

From the results of a survey of 153 senior executives large enterprise information systems in the United State, concluded: (1) the interaction between the IS Support for information sharing and IS Connectivity positive effect on the company's performance; and (2) the interaction between the IS Support for interpretation of information and IS Connectivity affect the company's performance. Although modest success of the application of accounting information system is determined by two factors, namely technical and non technical (behavioral), but in many literature behavioral factors that affect the successful implementation of accounting systems are extremely diverse. Rainer and Watson (1995) conducted a study on the key to success in the development and implementation of executive information system (SIE). From the results of a survey of 149 executives, consultants, and vendors in 347 companies in the United States, Rainer and

Watson (1995) found that support top management and executive staff SIE (organizational commitment), is the key to successful development and implementation of EIS. Choe (1996) conducted research on about the factors that affect the successful implementation of accounting information systems. From the results of a survey of 78 users (user) system of accounting information on 100 companies in Korea, it was concluded that the personal capabilities (training and education) user accounting information systems affect the successful implementation of accounting information systems. Essex *et al.* (1998) conducted a study on the factors that affect the successful implementation of an information center (information center / IC). From the results of a survey of 151 executives from the three organizations namely manufaktur, universities, and financial services company, Essex *et al.* (1998) found Organizational commitment is a critical success factor in the organization's application of the information center. Then Sabherwal *et al.* (2006) conducted a study on the determinants of successful implementation of information systems.

Analysis of 121 studies on the determinants of the success of the information system, which was published from 1980 to 2004, Sabherwal *et al.* (2006) found : (1) There are two groups of constructs a strong influence on the successful implementation of information systems , namely: context-related construct and user - related construct; and (2) From the context - related construct, top management support and conditions that facilitate (facilitating conditions) affect the successful implementation of information systems. Besides evidence that organizational commitment affect the successful implementation of accounting information systems, on the other hand also found empirical evidence that organizational commitment also resulted in increased financial performance Lesi Hertati (2015).

Knowledge about SIA's financial manager is also a critical success factor accounting information system implementation, this is evidenced by the results of the research, among others: Choe (1996), Essex *et al.* (1998), and Sabherwal *et al.* (2006). Choe (1996) conducted a study on the factors that affect the successful implementation of accounting information systems. From the results of a survey of 78 users (user) system of accounting information on 100 companies in Korea, Choe (1996) concludes that the personal capabilities (training and education) user accounting information systems affect the successful implementation of accounting information systems. Essex *et al.* (1998) conducted a study on the factors that affect the successful implementation of an information center (information center / IC). Then Sabherwal *et al.* (2006) conducted a study on the determinants of successful implementation of information systems. Meta-analysis of 121 studies on the determinants of the success of the information system, which was published from 1980 to 2004, Sabherwal *et al.* (2006) concluded: (1) There are two groups of constructs a strong influence on the successful implementation of information systems, namely: context- related construct and user - related construct; and (2) From the user - related construct, experience, training, and user attitudes affect the successful implementation of information systems. Besides knowledge of the financial manager of SIA affect the successful implementation of accounting information systems, knowledge managers also proved to have an impact on the company's financial performance, as found by: Clercq and

Dimov (2008) , and West and Noel (2009). Clercq and Dimov (2008) conducted a study on the influence of internal knowledge and external knowledge access to the investment performance of finance companies in the United States. From the results of a survey of 200 finance company listed in Thompson Financial's VentureXpert Database, Clercq and Dimov (2008) concluded that the development of internal knowledge and access to external knowledge influence the investment performance of the finance company. Then the West and Noel (2009) conducted a study on the influence of knowledge resources of the company on corporate performance (new venture performance). From the survey results terhadap 83 CEO of New Venture in the US, West and Noel (2009) found: (1) There are three knowledge procedural that should be owned by a company manager new venture, namely knowledge of the industry that will be entered, knowledge of the business, and creating, building, and harvesting new ventures; and (2) The level of knowledge of a manager of the new venture is very useful in the development of new business ventures.

## Conclusion

Accounting information systems in the enterprise can add value (value added ) for users in the form of the provision of financial information for planning, control and decision making of the company, which in turn have an impact on improving overall company performance (financial and non-financial performance). The success of the accounting information system to encourage improvements in the daily business operations and improve the quality of corporate decision-making, both of which are a major component in the creation of the company's financial performance. Accounting information systems play a role in the provision of financial information that is useful for improvement (improvement). Accounting information systems and financial reporting in the dimensions of the ROE, is caused by: (1) It is the complexity of the factors affecting the Company's financial performance (ROE); and (2) the accounting information system as a tool to produce financial information affects financial performance (ROE) through other factors such as the decision-making process, decision quality, dynamic individuals in the organization, efficiency and effectiveness, and others. Accounting Information Systems that will generate user satisfaction and the financial statements are highly relevant to continue to be developed in further studies in the future .

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