

Call for Proposals

IAAER Reporting Financial Performance Research Program

The International Association for Accounting Education and Research (IAAER), in collaboration with the KPMG and UIUC Business Measurement Research Program, is pleased to invite research proposals under the Reporting Financial Performance Research Program. The program supports scholarly research directed at informing the IASB's decision process for its project on Reporting Financial Performance. Up to five research grants of \$20,000 (U.S.) each will be awarded under this program. In addition, as discussed in more detail below, funded projects will be showcased in three highly visible events involving representatives from the IASB and FASB, as well as renowned accounting researchers. Research teams may publish their findings in the outlet of their choice. The *Journal of Accounting Research* has agreed to provide special "fast-track" reviews for research papers funded under the program that meet their normal standards of publication, and the *Journal of International Financial Management and Accounting* has agreed to offer the option of publication. Funding for this program has been provided by the KPMG and University of Illinois *Business Measurement Research Program* and the KPMG Foundation.

Program Objective

The Reporting Financial Performance (hereafter RFP) Research Program promotes and supports research directed at developing theory and evidence to inform the IASB's decision process for its RFP project. RFP is a joint project of the IASB, the US FASB, and the UK ASB. Additionally, RFP is an active project for several of the IASB's other liaison national standard setting partners.

The RFP project is concerned with the presentation of financial performance. The project primarily will result in changes to the format of the income statement and secondarily in changes to the statement of changes in equity and the cash flow statement. As part of the project, Earnings Per Share will also be revisited. More information on the RFP project is available on the IASB's website at www.iasb.org.

Program Funding

Up to five research projects will be selected for funding of \$20,000 each. Grant payments will be distributed in three installments and may be applied to cover travel costs associated with attending program events and/or direct costs associated with the research.

IAAER invites proposals from research teams domiciled anywhere in the world. Additionally, proposals are encouraged from research teams whose members are from different regions of the world. All research approaches and paradigms are welcome including modeling, archival, experimental, field analysis applications, and theoretical. Funding decisions will be based on the potential of the research to provide valuable input to the IASB and its standard setting partners. Members of the Proposal Review Committee will review proposals and make preliminary recommendations to the Program Advisory Committee. Final funding decisions will be made by the Program Advisory Committee.

Suggested Research Questions

To inform the decision process of IASB and its national standard setting partners, research addressing the following (or related) questions is invited as part of the RFP Research Program.

1. Some believe a performance statement, of which the current income statement is one example, should be the primary focus of financial reporting. What should be the role of a performance statement? How should a performance statement complement the other primary financial statements in providing information to users of financial statements?
 - ◆ What does the role of the performance statement imply for the structure of that statement? For example, should the performance statement be in the form of a single statement of comprehensive income?
 - ◆ Should the performance statement contain subtotals (such as net income)? What would be the conceptual or practical basis for creating such subtotals?
 - ◆ Should the performance statement present a single summary performance measure? If so, what should that single measure be? For example, should the measure be a variant of the current EPS number (and if so, how should EPS be calculated)? Alternatively, should the performance statement present several summary performance measures, each prepared for a different kind of financial statement user?
 - ◆ How should the performance statement be articulated with, and supplemented by, the other existing basic financial statements (balance sheet, statement of cash flows and statement of shareholders equity)? For example, how should the statement of cash flows be related to the performance statement? Is the direct method for the statement of cash flows preferable to the indirect method, and if so why?
 - ◆ Should other statements (for example, a statement of estimates, or a statement of second moments of estimated amounts) be created to supplement the performance statement, and if so what should be their purpose and content? Would there be a difference between disclosures and such supplemental statements? If so what is that difference, and why would it matter to users of financial statements? How should the existing supplemental performance information, such as segmental data, relate to the statement of performance and other possible supplemental statements?
2. What information should be presented in the performance statement?
 - ◆ Are there components of performance that should be separately displayed, and if so why? How would those components be identified and distinguished (examples include operating versus nonoperating components; recurring versus nonrecurring components)?
 - ◆ In light of the wide variation in business models (e.g., the differences between financial services firms and manufacturers), will one approach to defining components be applicable to all entities? Should management be required to define components on the performance statement using the entity's business model?
 - ◆ How should the costs and benefits of a single standardized approach versus a management approach be balanced? How should the performance statement display the effects of mixed attribute accounting? For example, should performance be shown before and after the effects of remeasurements?
 - ◆ Should unrealized items be displayed separately from realized items, and if so why? Should unrealized items be "recycled" when they are realized?

RFP Project Deliverables Proposal Format

Between April 15 and May 15, 2005, contracts will be signed by research teams. Each contract will specify interim milestones, deliverables, and expected delivery dates. Key dates to be agreed to in the contract include:

Key Date	Deliverable
July 25 thru August 1, 2005	Verbal progress reports from research teams will be made to the RFP Program Advisory Committee via teleconferences.
September 28, 2005	Results to date will be presented at a by invitation only Globalization Conference preceding IAAER's 2005 <i>International Research Conference for Accounting Educators</i> . The event will be held at the University of Bordeaux. Representatives of the IASB and FASB, as well as renowned researchers, will provide feedback to assist the research teams in refining their projects. Each research team will submit interim results to the RFP Program Advisory Committee prior to the Globalization Conference. The first grant installment of \$7,000 will be dispersed to each team following the Bordeaux event. IAAER will waive the conference registration fee for each member of the research teams.
February/March 2006	Results to date will be presented to several representatives of the IASB and FASB, as well as the RFP Program Advisory Committee. Based on feedback from the standard setters, research teams will adjust project work as appropriate. The location of the workshop will be either New York or London. The second grant installment of \$7,000 will be dispersed to each team following the workshop.
November 2006	Final results will be presented in association with the IAAER's 10 th <i>World Congress of Accounting Educators</i> in Istanbul, Turkey. Representatives of the IASB and FASB and other significant accounting organizations will be in attendance. The third grant installment of \$6,000 will be dispersed to each team following the World Congress. IAAER will waive the conference registration fee for each member of the research teams.

Research Proposal Format

Research proposals should be concise and not exceed 10 pages (1.5 spacing and 12 font). All proposals should be in English. Proposals should contain the following information:

- Clear and concise definitions and description of the:
 1. Research question
 2. Research objectives
 3. Research method to be employed
- Description of the proposed research activities
- References to leading studies on the topic (attach a reference list not exceeding two pages)
- Indication of how the proposed research will inform the IASB decision process in regard to its RFP project

Each proposal should additionally:

- Designate a Principal Investigator who will have primary contractual responsibility for the research project
- Include a curriculum vitae for each member of the research team

Publication of Research Findings

Research teams may publish their findings in the outlet of their choice. *Journal of Accounting Research* will offer a fast track review option, and the *Journal of International Financial Management and Accounting* will offer the option of publication.

RFP Program Advisory Committee

Members of the RFP Program Advisory Committee include:

A. Rashad Abdel-khalik
Professor of Accountancy
Director of the Zimmermann Center
University of Illinois at Urbana-Champaign

Mary E. Barth
IASB Board Member
Atholl McBean Professor of Accounting,
Stanford University

Timothy B. Bell
Director, Assurance Research, KPMG
International's Audit & Advisory Services
Center

Katherine Schipper
FASB Board Member

Donna L. Street (Program Coordinator)
IAAER Vice President of Research
Mahrt Chair in Accounting, University of Dayton

Submission Deadline

The proposal submission deadline for the RFP Research Program is **February 1, 2005**. Between March 15 and March 30, 2005 the Program Advisory Committee will conduct teleconference interviews with finalists. Funding decisions will be announced as soon as the evaluation process is complete, but no later than **April 15, 2005**.

All proposals are to be submitted electronically to the RFP Research Program Coordinator, at the following email address: donna.street@notes.udayton.edu.

Proposal text and supporting materials should be in a single electronic file in either Word or PDF format.

Questions about the program or proposal process should be directed to Donna Street at donna.street@notes.udayton.edu.