Paper Title

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Abstract

Insert amazing abstract text here
Keywords: awesome,accounting,stuff.

1. Introduction

This document is a LaTeX template for creating an academic paper formatted for potential publication in Accounting or Finance. If you have received this document as a PDF, a live version including the latex code used to create this document can be found at: https://www.overleaf.com/read/ctmwnmdcypzh. I have added some material so that the tables and figures go along with the example Github coding project that I have created at: https://github.com/eweisbrod/example-project.

Here are some examples of in-text and parenthetical citations. To add citations to the paper, you must add the bibtex reference information to the "Bibliography.bib" file that is part of the Overleaf project. The easiest way to do this is to look up the paper you wish to cite on Google scholar, then click on the "cite" link below the paper, select bibtex, and cut and paste the reference info into Overleaf. The bibtex reference will include a shorthand way to refer to the paper in the latex cite commands (e.g., "blankespoor2019individual"). Blankespoor, deHaan, Wertz, and Zhu (2019) is an in-text cite. There are also parenthetical cites (e.g, Doyle, Lundholm, and Soliman 2006; Livnat and Mendenhall 2006; Dirk, Christensen, Ciesielski, and Whipple 2018; Bradshaw, Christensen, Gee, and Whipple 2018).[1]

2. Background and Hypotheses Development

This template includes some formatting for declaring formal hypotheses or research questions. I think these commands require some of the definitions that were set in the preamble above. Here is an example hypothesis related to the data example that will be used in the tables.

Hypothesis 1 (H1): *Ceteris paribus, earnings are less persistent for loss firms than profit firms.*

This hypothesis is easy to motivate based on persistent losses driving a firm out of business, curtailments (Lawrence, Sloan, and Sun 2018), the abandonment option (Hayn 1995), etc. However, if we want to define a more open-ended "research question" rather than a "hypothesis," we could format it this way:

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[1] There are also footnotes.

Research Question 1 (RQ1): *Are losses less persistent than profits?*

Next I will provide examples for defining sub-sections and sub-sub-sections.

2.1 Example Sub-Section

2.2 Another sub-section

2.2.1 This one has a sub-sub-section

3. Data and Methodology

3.1 Sample Selection

I downloaded some data from WRDS.

3.2 Methodology

Papers usually have equations. Here is an example DiD equation.

$$Ln(Dependent\ Measure) = \alpha + \beta_1 Post + \beta_2 Treatment + \beta_3 Post \times Treatment$$
$$+ A \times Controls + B \times FE + \epsilon, \tag{1}$$

where *Post* equals 1 for observations in the post shock period and 0 otherwise, *Treatment* equals 1 for observations with the treatment and 0 otherwise, *Controls* is a vector of variables listed as "Control Variables" in Appendix A.1, and FE are fixed effects.

Here is the regression equation that we use to test H1, which was defined in Section 2:[2]

$$ROA_{i,t+1} = \alpha + \beta_1 ROA_{i,t} + \beta_2 LOSS_{i,t} + \beta_3 ROA_{i,t} \times LOSS_{i,t}$$
$$+ A \times Controls_{i,t} + B \times FE + \epsilon_{i,t+1}, \tag{2}$$

where $ROA_{i,t+1}$ ($ROA_{i,t}$) is return on assets for firm i in year t+1 (t), calculated as earnings before special items divided by ending total assets. $LOSS_{i,t}$ is an indicator variable that equals 1 for observations with negative earnings before special items and 0 otherwise, and *Controls* is a vector of variables listed as "Control Variables" in Appendix A.1. FE are various fixed effects.

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[2]Note that since we have dynamically defined and referred to H1, you can click on it to jump to the place in the text where H1 is defined. We can do the same thing for RQ1

4. Results

We can use LaTeX references to refer/link readers to the tables as we discuss them. If you click the below table numbers they should take you to the associated table. These dynamic references will automatically renumber themselves if additional tables are added or the tables are reordered. Academic papers rarely use bulleted lists, but here is one for fun, and to clearly list the tables that are included in this template:

- Table 1 is an example sample selection table.

- Table 2 is a basic frequency table.

- Table 3 provides descriptive statistics, created using R.

- Table 4 provides descriptive statistics, created using Stata.

- Table 5 provides a correlation matrix, created in R.

- Table 6 provides an example regression table, created in R.

- Table 7 provides the same regression table, created in Stata.

Here are some examples of inline table references, including references to the relevant equation and hypothesis. Tables 6 and 7 present the results from estimating Eq. (2). The significantly negative coefficients on $LOSS \times ROA_t$ in Columns (4) and (5) provide some evidence consistent with H1. However, it seems to be important to control for firm characteristics when testing this hypothesis.

5. Conclusion

We have great results that will change the world.

REFERENCES

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Doyle, J. T., R. J. Lundholm, and M. T. Soliman. 2006. "The extreme future stock returns following I/B/E/S earnings surprises." *Journal of Accounting Research* 44 (5): 849–887.

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Appendix

<div align="center">

TABLE A.1
Variable Definitions

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Variable	Definition
Main Dependent and Independent Variables	
$ROA_{i,t}$	Return on assets for firm i in year t, calculated as earnings before special items divided by ending total assets. In terms of Compustat data items, it is defined as (ib - spi)/at.
$LOSS_{i,t}$	An indicator variable that equals 1 for observations with negative earnings before special items and 0 otherwise
Control Variables	
SIZE	Market value of equity as of the end of fiscal year t (Source: Compustat).
R&D	Research and development expense scaled by ending total assets (xrd/at).
TA	Ending total assets (at).

Table A.1, continued

| Variable	Definition
Control Variables	
EXAMPLE	This is an example of how to continue the variable appendix onto a second page, if needed.
SIZE	Market value of equity as of the end of fiscal year t (Source: Compustat).
R&D	Research and development expense scaled by ending total assets (xrd/at).
TA	Ending total assets (at).

Figures and Tables

FIGURE 1
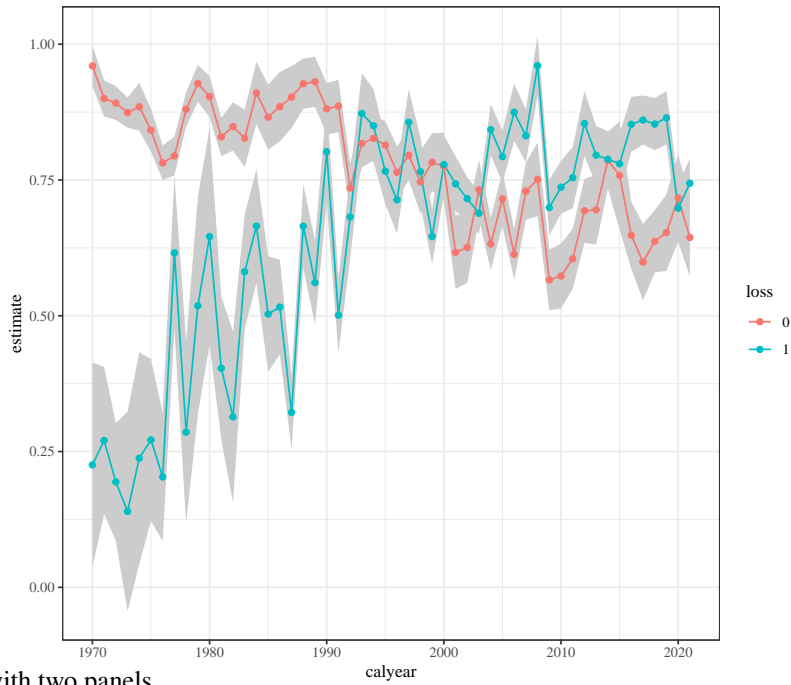**Frequency of Losses by Industry**
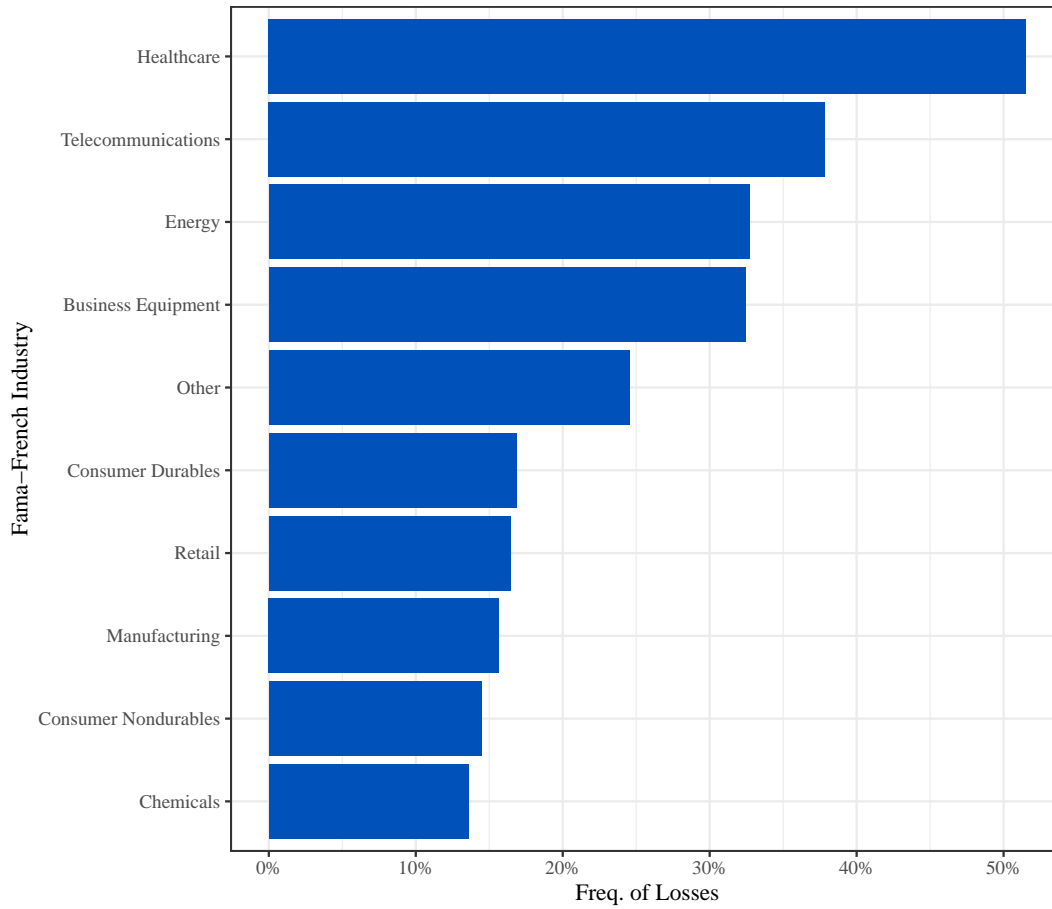
This is a figure with a caption.

FIGURE 2
Stuff by Year

(a) Annual Frequency of Losses by Size Quintile
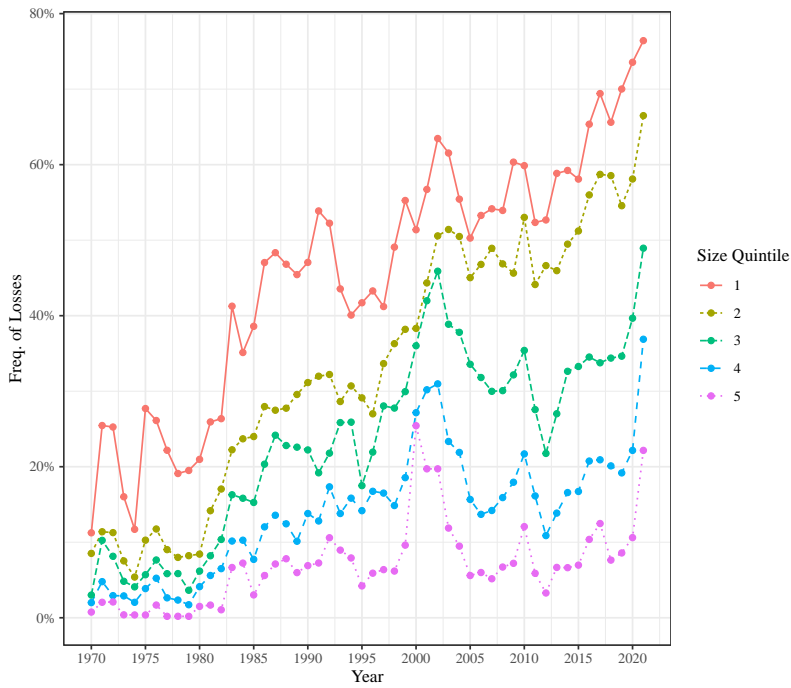
(b) ROA Persistence Coefficients from Annual Regressions

This is a figure with two panels.

TABLE 1
Sample Selection

THESE ARE NOT REAL NUMBERS	Observations
First I downloaded some data from WRDS	194,728
After removing financial and utility firms	136,393
After requiring lead ROA data	127,867
After some other requirements	86,702
With data from another database available	71,408
Less: firm-years missing data to compute control variables defined in Appendix A.1	(3,500)
Full Sample	163,269

This table describes the initial sample selection procedure used to collect the data analyzed in our study. Data requirements specific to individual tables or analyses are provided in the descriptions of those analyses.

This is an example of a sample selection table but it does not use actual numbers from the actual sample selection process in the example regressions. It just uses fake placeholder numbers as a formatting example. It was created manually in Latex. Sometimes not everything is worth automating. You could just manually edit these numbers as needed if you don't want to recode the whole table. To add new rows you just write the content for the left column, then and ampersand, then the content for the right column, and then two backslashes to end the row.

TABLE 2
Frequency of losses, by sub-period

Panel A: Version from R

Year	Total Firms	Loss Firms	Pct. Losses
1970 - 1979	25,095	1,978	7.88%
1980 - 1989	29,117	5,314	18.25%
1990 - 1999	38,014	9,576	25.19%
2000 - 2009	37,088	12,812	34.54%
2010 - 2019	28,420	9,654	33.97%
2020 - 2022	5,505	2,511	45.61%
Total	163,239	41,845	25.63%

Panel B: Version from Stata

Sub-Period	Profit (%)	Loss (%)	Total (%)
1970 - 1979	23,117	1,978	25,095
	(92.12)	(7.88)	(100.00)
1980 - 1989	23,803	5,314	29,117
	(81.75)	(18.25)	(100.00)
1990 - 1999	28,438	9,576	38,014
	(74.81)	(25.19)	(100.00)
2000 - 2009	24,276	12,812	37,088
	(65.46)	(34.54)	(100.00)
2010 - 2019	18,766	9,654	28,420
	(66.03)	(33.97)	(100.00)
2020 - 2022	2,994	2,511	5,505
	(54.39)	(45.61)	(100.00)
Total	121,394	41,845	163,239
	(74.37)	(25.63)	(100.00)

This table provides the frequency of losses over time for five year sub-periods. The most recent sub-period has less than five years. Panel A was created in R using a basic dataframe and the KableExtra package to export it to Latex. Panel B was created in Stata using the estout package. Manual edits using the tabularx package were used to stretch the table across the page.

TABLE 3
Descriptive Statistics (R)

	N	Mean	SD	Min	P25	Median	P75	Max
ROA_{t+1}	163,239	-0.002	0.172	-0.896	-0.009	0.040	0.078	0.237
ROA_t	163,239	0.006	0.158	-0.802	-0.003	0.042	0.079	0.243
$LOSS$	163,239	0.256	0.437	0.000	0.000	0.000	1.000	1.000
$R\&D$	163,239	0.040	0.086	0.000	0.000	0.000	0.038	0.510
TA	163,239	1,451.028	4,562.123	11.021	41.915	142.519	679.163	33,669.580
$SIZE$	163,239	1,567.886	5,317.482	2.127	29.773	125.451	651.162	40,603.471

This table provides descriptive statistics. Variables are as defined in Appendix A.1. This table was created using datasummary from the modelsummary package in R.

TABLE 4
Descriptive Statistics (Stata)

	count	mean	p50	sd	p25	p75
ROA_{t+1}	163,239	-0.002	0.040	0.172	-0.009	0.078
ROA_t	163,239	0.006	0.042	0.158	-0.003	0.079
$LOSS$	163,239	0.256	0.000	0.437	0.000	1.000
$R\&D$	163,239	0.040	0.000	0.086	0.000	0.038
TA	163,239	1,451.062	142.519	4,562.365	41.914	679.167
$SIZE$	163,239	1,567.934	125.451	5,317.834	29.773	651.171

This table provides descriptive statistics. Variables are as defined in Appendix A.1. This table was created using estout in Stata.

TABLE 5
Correlation Matrix (R)

	ROA_{t+1}	ROA_t	$LOSS$	$R\&D$	TA	$SIZE$
ROA_{t+1}	1	.77	-.57	-.51	.10	.12
ROA_t	.77	1	-.69	-.57	.09	.12
$LOSS$	-.59	-.76	1	.35	-.11	-.11
$R\&D$	-.10	-.11	.20	1	-.07	-.02
TA	.16	.15	-.20	-.07	1	.85
$SIZE$	.25	.27	-.20	.12	.85	1

This table provides Pearson (Spearman) correlations above (below) the diagonal. Variables are as defined in Appendix A.1. This table was created using the modelsummary package in R.

TABLE 6
A Regression Table (R)

	Base	No FE	Year FE	Two-Way FE	With Controls
ROA_t	0.839***	0.757***	0.770***	0.640***	0.625***
	(62.776)	(48.192)	(48.696)	(38.715)	(35.712)
$LOSS$		−0.030***	−0.028***	−0.016***	−0.017***
		(−7.937)	(−7.737)	(−7.569)	(−8.112)
$ROA_t \times LOSS$		0.032	0.012	−0.285***	−0.294***
		(1.466)	(0.535)	(−13.355)	(−12.663)
Year FE	Excluded	Excluded	Included	Included	Included
Firm FE	Excluded	Excluded	Excluded	Included	Included
Controls	Excluded	Excluded	Excluded	Excluded	Included
N	163,239	163,239	163,239	161,579	161,579
R^2	0.594	0.597	0.603	0.707	0.707
R^2 Within			0.580	0.184	0.187

This table reports the estimated coefficients from a regression. Formal variable definitions are provided in Appendix A.1 as well as a list of the variables included as controls when indicated. *Year FE* and *Firm FE* are year and firm fixed effects, respectively. ***, **, * indicate (two-tailed) significance at the 1%, 5%, and 10% levels, respectively. Standard errors are clustered by firm and year. This table was created using the modelsummary package in R.

TABLE 7
A Regression Table (Stata)

	(1) Base	(2) No FE	(3) Year FE	(4) Twoway FE	(5) With Controls
ROA_t	0.839***	0.757***	0.770***	0.640***	0.625***
	(62.77)	(48.19)	(48.69)	(38.71)	(35.71)
$LOSS$		-0.030***	-0.028***	-0.016***	-0.017***
		(-7.94)	(-7.74)	(-7.53)	(-8.08)
$LOSS \times ROA_t$		0.032	0.012	-0.285***	-0.294***
		(1.47)	(0.54)	(-13.35)	(-12.66)
Controls	No	No	No	No	Yes
Year FE	No	No	Yes	Yes	Yes
Firm FE	No	No	No	Yes	Yes
Constant	Yes	Yes	No	No	No
N	163,239	163,239	163,239	161,579	161,579
Adj. R-Square	0.594	0.597	0.602	0.680	0.681
Adj. R-Square (within)	0.594	0.597	0.580	0.184	0.187

This table reports the estimated coefficients from a regression. Formal variable definitions are provided in Appendix A.1 as well as a list of the variables included as controls when indicated. *Year FE* and *Firm FE* are year and firm fixed effects, respectively. ***, **, * indicate (two-tailed) significance at the 1%, 5%, and 10% levels, respectively. Standard errors are clustered by firm and year. This table was created using the estout package in Stata.