

Department of Accounting and Finance
AG430 Corporate Financing
2025/26 Semester 1
20 Module Credits

Module Details

Module Description

This course explores the various theories of payout policy, capital structure and security issuance. Traditional theories of corporate financing – such as agency, information asymmetry, and market timing – are discussed in the context of subsequent empirical evidence. Recent trends, events and innovations in financial markets are also discussed to appraise the validity of these models in a modern environment. The investment decision is also briefly covered, although the focus is almost exclusively focussed on the financial and dividend decisions.

Teaching Hours

Lectures:

- weeks 1, 3-5, 7-11, Monday 1-4pm in JA314.
- week 2 – Wednesday 1-4 pm in JA317.
- week 6 study break

Prerequisites

AG215 Business Finance, and acceptance into Honours year.

Contact Details

Lecturer: Professor Charalampos Stasinakis

Room number: Stenhouse Building

E-mail: charalampos.stasinakis@strath.ac.uk

Office Hours: Mondays 16:00 – 17:00 pm (after the lecture)

Module Learning

Module Aims

The module studies the theory of capital structure, management of financial resources, security issuance and corporate payout policy at an advanced level. The module aims to develop a deep understanding of the ideas necessary to analyse the firm's financing decisions with regards to capital structure and liquidity management, security issuance and payout policy. The module examines the role of financial market frictions including asymmetric information, incomplete contracting, irrational market participants and taxation in explaining observed corporate financing policies. Academic research articles will be introduced that have influenced and directed current understanding in theory and policy surrounding corporate financing decisions.

Learning Objectives and Outcomes

The following learning outcomes will contribute to your self-analysis and reflection in your Student's Personal Development Planning (SPDP). These learning outcomes will be assessed using the methods explained in the "Assessment" section in this Outline.

Subject-specific knowledge and skills

On completing this module students will be able to:

- A1. Analyse the determinants of a company's payout policy with reference to signalling, agency, market timing and value neutral theories.
- A2. Evaluate a company's financing decisions with reference to trade-off theories, information asymmetry, agency theory and managerial entrenchment.
- A3. Identify factors that affect a company's balance of cash and cash equivalents on the balance sheet.
- A4. Evaluate the different channels available to companies for raising funds to finance investment projects, and the role of underwriters in certifying the quality of issuing companies.
- A5. Recognise the limitations of formal models in corporate finance theory, including an awareness of methodological approaches and data collection and analysis
- A6. Have an understanding of recent developments in corporate financial theory and policy literature, and an ability to evaluate the impact of recent innovations and trends in financial markets on corporate financing decisions.

Cognitive abilities and non-subject specific skills

During this module students will develop skills in:

- B1. The ability to extract arguments, modes of reasoning and evidence from theoretical and empirical academic articles, and to establish their contribution to our understanding and interpretation of key issues.
- B2. A capacity to consider the relevance of academic research to practical scenarios that require individual and institutional decision making.
- B3. The ability to understand and explain complex issues within corporate financial policy in a manner that is suitable to a financially trained and non-financially trained audience.
- B4. The ability to critically appraise advanced journal articles and communicate the essence of such articles.

Module Structure

Timetable

The lecture programme may be subject to minor changes, but the module will broadly cover corporate finance theory across three topics:

- (i) Theories of payout policy
- (ii) Theories of capital structure
- (iii) Theories of security issuance

As an indicative guide, the programme for 2025/26 was as follows:

Week One: Introduction and Signalling Theories of Payout Policy

Week Two: Agency Theories of Payout Policy

Week Three: Historical Payout Trends and Catering Theory

Week Four: Agency Theories of Capital Structure

Week Five: Asymmetric Information and Capital Structure

Week Six: Study week break (no lecture)

Week Seven: Market Timing Theories of Capital Structure

Week Eight: Determinants of Corporate Cash Holdings

Week Nine: Initial Public Offerings (IPOs)

Week Ten: SEOs and Choice of Debt Source

Week Eleven: Revision Class

Assessment and Feedback Details

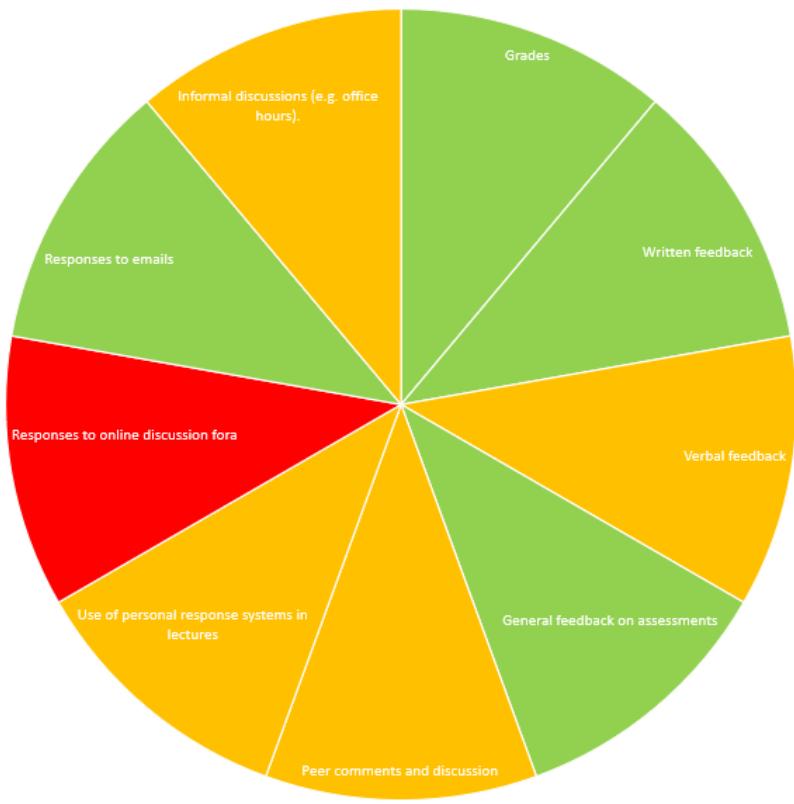
1. Group Assignment worth 40%. Due: Wednesday 5th November 2025, 12pm. Marks/Feedback will be released on or before Wednesday 26th November 2025.
2. Final Exam worth 60%. Date: TBC, during Semester 1 exam diet.

An overall weighted average mark of 40% is required to pass the module.

It is a requirement for course completion to submit all assessed coursework. Non-submission of any part will result in an overall mark of zero being awarded for the module.

The following forms of feedback will assist you in this module:

<i>Feedback category</i>	<i>Details for module</i>	<i>Colour</i>
Grades	Students will receive marks for the reflective assessment and the exam for this module.	Green
Written feedback	Students will receive written feedback for the group assessment for this module.	Green
Verbal feedback	Students will receive verbal feedback, at the class level, on any formative tasks completed during the semester.	Amber
General feedback	A document will provide general feedback on the exam assessment, including an indication of overall class performance.	Green
Peer comments and discussion	Students are encouraged to share thoughts and feedback during informal discussion and the group assessment.	Amber
Use of personal response systems in lecture	Lecturers will occasionally use personal response systems on an ad-hoc basis.	Amber
Responses to online discussion forum	As an on-campus class, there is no online discussion forum.	Red
Responses to email	Students are encouraged to use office hours to ask questions relating to the course material. However, students can also e-mail the lecturer with any queries they may have.	Green
Informal discussions	There are weekly bookable one-to-one meetings with the lecturer for any student wishing to discuss questions. These can be booked via the Calendly link on the class page.	Amber



Artificial Intelligence

You are not permitted to use Gen-AI tools for this module unless you are a student with an adjustment report on Pegasus where this is explicitly specified as a 'reasonable adjustment'. Any student suspected of using such tools will be subject to investigation outlined in the [Student Discipline Procedure - Academic Misconduct.pdf \(strath.ac.uk\)](#) process.

Reading List

Please refer to the AG430 Myplace page to access the reading list.

Most articles used in this module are published in leading finance journals, including The Journal of Finance, The Journal of Financial Economics and Review of Financial Studies. Links to relevant journal articles will be published on the MyPlace page, and can be accessed through the library catalogue. The following text may also be a useful reference tool throughout the module:

Brealey, Myers & Allen (2016). Principles of Corporate Finance. International Student Edition (12th Ed.). McGraw Hill Education.

UG Module Manual (Honours)

Please refer to the accounting and finance UG manual module for the following ([Honours Module Manual.docx](#)):

- Tutorial Attendance
- Useful Contacts
- Penalties for Late Submission

- Feedback
- Compensation Scheme
- Resit Policy – no resits in honours year
- Universal Marking Guide
- Useful Links