

## Assignment-6

Define Incremental Cash Flow.

The additional operating cash flow that an organization receives from taking on a new project.

A positive incremental cash flow means that the company cash flow will increase with the acceptance of the project.

Example:

Let's consider a business that wants to expand their product lines, and they have ~~two~~ two different options that they could invest in. By forecasting the incremental cash flows for each option, they can determine which one would produce the most economic benefit for the company.

$$\text{Incremental Cash Flow} = \text{Cash Flow} - \text{Initial Cash Outflow} - \text{Expense}$$

