

Seventh Week Assignment

Compare the Cash flow and Time weighted incremental Cash flow

Cash flow

Definition

Cash flow refers to the total amount of money being transferred into and out of a business, project or investment over a specific period.

Focus

Cash flow focuses on the total inflows and outflow over time without adjusting for the timing.

Usage

Cash flow analysis is more for liquidity assessment.

Time weighted incremental Cash flow

Time weighted incremental cashflow is a method of measuring the additional cashflow generated by a particular decision or project while taking into account the timing of those cash flows.

Time weighted incremental cash flow emphasises the timing of cash flows, adjusting for the time value of money.

Time weighted incremental cashflow is used in investment analysis project evaluation.

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