

c) When making capital investment decisions it is important to consider motives.

~~The~~ the company must have a reason to invest. For instance, if a company has old equipment or old programmes it is hard for them to keep competing with companies that are more advanced. This is then a motive to invest in new equipment.

Another important consideration is the return that the initial investment will bring. If the company has decided on a ~~main~~ reason for investment it is important to consider whether the return will make the investment worthwhile for the company.