**Activity 2: Review answers**

**1. What is an offer in the context of a construction contract?**

An offer in a construction contract is a clear statement of the terms under which one party (such as a construction company) is prepared to be bound. For example, a construction company offers to build a house for a specific price, including details of what the project entails.

**2. Why is it important for both parties to accept the terms of a contract without making changes?**

It is important because acceptance must exactly match the offer for a valid contract to exist. Any changes or conditions create a counter-offer rather than acceptance, which means a contract has not yet been formed.

**3. How does ‘intention to create legal relations’ ensure that a contract is legally enforceable?**

The intention to create legal relations ensures that both parties agree their contract is legally binding. In business agreements, it is presumed that both parties want to enter into a legal relationship, the contract to be enforceable by contract law, allowing them to take legal action if one party fails to meet their obligations.

**4. Give an example of consideration in a construction project.**

Consideration is something of value exchanged between the parties. For example, in a construction project, the homeowner’s consideration is the payment they provide for the work, and the builder’s consideration is the completion of the construction.

**5. What is the difference between an offer and a counter-offer?**

An offer is a proposal made by one party, which the other party can accept to form a contract. A counter-offer is a response that modifies the terms of the original offer, meaning the original offer is no longer valid and has been replaced with new terms.