CIPS Level 4 Diploma — Module 3 (L4M3)

Blank Buster — Missing Words Micro Exercise (30-Question Practice Paper)

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Case 1 — Accra: The Conditions of a Valid Contract

A buyer in Accra displays a batch of refurbished servers in an online catalogue with prices listed. A supplier emails back agreeing to buy ten units at the listed price. The buyer's legal team wants to confirm the exchange has created a binding contract before goods are despatched.

Q1. The buyer's online catalogue listing, which the supplier can choose to respond to or ignore, is in law an _____ rather than a binding offer.

A. An invitation to treat
B. An acceptance
C. A condition precedent
D. A collateral warranty

Q2. The supplier's email agreeing to buy ten units at the stated price is, in contract-formation terms, the _____.

A. The consideration
B. The offer
C. The invitation to treat
D. The acceptance

Q3. For the resulting agreement to be a legally binding contract, it must also show _____, meaning something of value must pass between both parties.

A. Capacity
B. Novation
C. Consideration
D. Privity

Case 2 — Hanoi: Battle of the Forms and International Sales

A buyer in Hanoi sends a purchase order to an overseas supplier on the buyer's own standard terms. The supplier replies with an order acknowledgement referencing its own standard terms, which conflict with the buyer's. The goods are shipped and accepted before anyone resolves whose terms apply, and the contract is international, so questions arise over which legal framework governs the sale.

Q4. The exchange of conflicting standard terms, where each party tries to have its own terms prevail, is known as the _____.

A. The parol evidence rule
B. The doctrine of privity
C. The mirror image defence
D. The battle of the forms

Q5. Because performance went ahead without the conflict being resolved, the terms of the _____ communicated before delivery will generally be held to prevail.

A. Last document
B. First document
C. Original purchase order
D. Original acknowledgement

Q6. For this cross-border sale of goods, in the absence of an express choice of law, the default international framework likely to apply is the _____.

A. The UK Bribery Act

B. The Vienna Convention (CISG)
C. The Unfair Contract Terms Act
D. The Late Payment of Commercial Debts Act

Case 3 — Bogotá: Contract Document Structure and Agreement Types

A legal officer in Bogotá is assembling a formal contract pack for a major construction project. The pack includes a section naming the parties and confirming execution, a section explaining the background and intent of the deal, the detailed terms and conditions, and a set of technical annexes. Separately, the buyer is deciding whether to hire a piece of specialist equipment or buy it outright.

Q7. The section of the contract that names the parties and formally confirms the agreement is being executed is the _____.

A. The schedules
B. The recitals
C. The articles of agreement
D. The particulars

Q8. The section explaining the background and commercial intent behind the deal, often beginning 'Whereas...', is known as the _____.

A. The schedules
B. The conditions precedent
C. The boilerplate clauses
D. The recitals

Q9. Choosing to pay for temporary use of the equipment rather than acquiring ownership of it outright is an example of _____ rather than buying.

A. Hiring
B. Leasing
C. Novating
D. Indexing

Case 4 — Warsaw: Tenders, Quotes and Sourcing Documents

A procurement team in Warsaw is running a formal, competitive process for a high-value works contract, requiring sealed bids submitted by a fixed deadline. For a much smaller, low-risk purchase, the same team simply asks three suppliers to quote a price for an off-the-shelf item.

Q10. The formal, sealed-bid process used for the high-value works contract is best described as a _____.

A. A quotation request
B. A tender
C. A letter of intent
D. A purchase requisition

Q11. For the smaller, low-risk purchase, simply asking a handful of suppliers to state a price is an example of obtaining a _____ rather than running a full tender.

A. A tender
B. A framework agreement
C. A quotation
D. A letter of comfort

Q12. Whichever document is used, the central purpose of both tenders and quotations is to _____ before a contract is awarded.

A. Finalise the contract's governing law
B. Transfer title in the goods
C. Discharge the parties' obligations
D. Obtain comparable supplier offers

Case 5 — Manila: Standards in Specifications

A buyer in Manila is deciding whether to write a specification by referencing a published international standard or by writing a bespoke, fully detailed specification from scratch. Referencing the standard would shorten the document considerably, but the team is aware this approach carries its own risks.

Q13. One benefit of referencing a published standard is that the specification can be _____, since there is no need to repeat the detail the standard already covers.

A. Shorter
B. More bespoke
C. Harder to audit
D. Less enforceable

Q14. A further benefit is that suppliers from other countries, who are more likely to recognise an international standard than an internal company one, face a reduced _____ to trade.

A. A reduced liability
B. A reduced barrier
C. A reduced indemnity
D. A reduced warranty

Q15. A key risk of this approach is that procurement staff may not be fully familiar with the standard, so _____ could be missed.

A. Delivery deadlines
B. Insurance requirements
C. Simplification opportunities
D. Payment terms

Case 6 — Casablanca: Designing a Specification

A category specialist in Casablanca is working through the key factors to weigh up before finalising a new equipment specification: what the organisation is actually trying to achieve, what standards and quality the specification must meet, and how clearly it needs to be written so suppliers price it accurately.

Q16. Asking what the organisation is trying to achieve, including current needs, future-proofing and the make-or-buy question, addresses the specification's _____.

A. Clarity
B. Scope
C. Service conditions
D. Purpose

Q17. Setting KPIs and targets, and defining warranty and defects liability periods, addresses the specification's _____.

A. Performance
B. Perspective
C. Relevance
D. Type

Q18. Making sure the specification uses plain language where possible, so costs are easy to assess and the contract manager can easily check delivery against it, addresses its _____.

A. Regulatory compliance
B. Clarity
C. Improvement and innovation
D. Scope

Case 7 — Santiago: Key Performance Indicators

A contract manager in Santiago is designing KPIs for a new supplier relationship. The team first decides what actually matters to measure, then works through a structured five-step process, and later classifies the resulting

measures by type — including one type where the only possible outcomes are pass or fail.

Q19. When deciding what matters enough to measure, the team is advised to apply the _____ rule, focusing on things that show potential improvement, potential problems, or things they can actually change.

A. The RAQSCI rule
B. The SMART rule
C. The IPA rule
D. The RACI rule

Q20. The second step of the five-step KPI process, after deciding what to measure, asks _____, including what data to use and whether it already exists.

A. Who is going to measure it
B. How often will it be measured
C. How does the measure convert into a score
D. How are you going to measure it

Q21. A KPI where the only possible outcomes are yes/no or pass/fail, such as whether a project was delivered on time or not, is an example of a _____ measure.

A. A binary measure
B. A weighted measure
C. An indexed measure
D. A composite measure

Case 8 — Tbilisi: Service Level Agreements

A supplier relationship manager in Tbilisi is reviewing a draft service level agreement. The document is sometimes used loosely within the business to mean different things, so the manager wants to pin down exactly what the SLA covers, who is receiving the service, and what quality standards apply.

Q22. Although often used loosely, in its narrowest sense an SLA refers to a single document within a suite of documents that make up _____.

A. A specification
B. A contract
C. A tender
D. A quotation

Q23. The recipient of the service covered by an SLA is not always the buying organisation itself — it can instead be a _____, such as the end user of a supported system.

A. A regulator
B. A guarantor
C. A third party
D. A subcontractor

Q24. Where the SLA uses the word 'quality' in its widest sense, this covers not just the physical quality of goods but also aspects of delivery such as timeliness, location and _____.

A. Indexation
B. Consideration
C. Novation
D. Completeness

Case 9 — Nairobi: Contract Clauses, Liability and Insurance

A contracts manager in Nairobi is reviewing the liabilities and insurance clauses of a standard-form agreement based on a recognised model form. One clause sets out protection against financial loss, another describes a standard of liability that applies even without fault, and the insurance schedule lists statutory cover the supplier must carry for its workforce.

Q25. A standardised contract used within a particular industry to create stable, consistent and broadly equitable terms, such as NEC or JCT, is known as a _____.

A. A model form contract
B. A letter of intent
C. A framework schedule
D. A side letter

Q26. A security or protection against loss, usually provided by way of financial compensation if the purchaser suffers loss because of a supplier's product or service, is called an _____.

A. An indexation clause
B. An indemnity
C. An invitation to treat
D. An implied term

Q27. Cover that is normally a statutory legal requirement, protecting the supplier's own workforce and giving comfort that legal obligations to staff are being met, is _____.

A. Public liability insurance
B. Products liability insurance
C. Employer's liability insurance
D. Professional indemnity insurance

Case 10 — Lima: ESG, Ethical Sourcing and Pricing Arrangements

A sourcing lead in Lima is finalising a new supply contract. The ethical sourcing clause references international standards on workforce treatment, and the commercial team is choosing between a pricing method that stays fixed over the contract and one that moves in line with a published index to reflect changing input costs.

Q28. Ensuring the products being sourced are obtained in a responsible and sustainable way, with workers treated fairly, is the essence of _____.

A. Price indexation
B. Novation
C. Consideration
D. Ethical sourcing

Q29. Current international standards on the terms and conditions of the non-professional workforce derive primarily from the work of the _____.

A. The International Labour Organization (ILO)
B. The World Trade Organization (WTO)
C. The International Chamber of Commerce (ICC)
D. The Chartered Institute of Procurement and Supply (CIPS)

Q30. A pricing method where a price is linked to a published index and adjusted in line with its movements, rising or falling as the index does, is known as _____.

A. Cost-plus pricing
B. Price indexation
C. Risk and reward pricing
D. Fixed pricing

Answer Key

With brief rationale for each.

Case 1 — Accra: The Conditions of a Valid Contract

Q1. Correct answer: A. An invitation to treat

A priced catalogue or display of goods is an invitation to treat — an invitation for the other party to make an offer — not an offer in itself, as confirmed in cases such as Pharmaceutical Society of GB v Boots.

Q2. Correct answer: B. The offer

The supplier's email proposing to buy at the advertised terms is the offer; the buyer would then need to accept it for a contract to form.

Q3. Correct answer: C. Consideration

Consideration is one of the five conditions of a valid contract — each party must give something of value (often, but not always, money) in exchange for the other's promise.

Case 2 — Hanoi: Battle of the Forms and International Sales

Q4. Correct answer: D. The battle of the forms

The battle of the forms describes the situation where each party's standard terms conflict, and the courts generally hold that the last set of terms communicated before performance — the 'last shot' — governs, unless the parties agree otherwise.

Q5. Correct answer: A. Last document

Under the 'last shot' rule commonly applied to battle-of-the-forms disputes, the last set of terms put forward before performance begins is usually the one treated as accepted by conduct.

Q6. Correct answer: B. The Vienna Convention (CISG)

The Vienna Convention on Contracts for the International Sale of Goods (CISG) provides a default legal framework for international sale-of-goods contracts between parties in signatory states, unless expressly excluded.

Case 3 — Bogotá: Contract Document Structure and Agreement Types

Q7. Correct answer: C. The articles of agreement

The articles of agreement is the section identifying the parties and confirming that the contract is being entered into, typically appearing at the start of the document.

Q8. Correct answer: D. The recitals

The recitals set out the background and purpose of the agreement, giving context to why the parties are contracting, before the operative terms and conditions follow.

Q9. Correct answer: A. Hiring

Hiring (as opposed to buying) is appropriate where the purchaser needs temporary use of an asset without taking on the costs and risks of ownership, such as short-term or specialist equipment needs.

Case 4 — Warsaw: Tenders, Quotes and Sourcing Documents

Q10. Correct answer: B. A tender

A tender is a formal, structured competitive process, typically used for higher-value or higher-risk requirements, with bids submitted by a stated deadline under defined rules.

Q11. Correct answer: C. A quotation

A quotation is a simpler, less formal price request appropriate for lower-value, lower-risk purchases, where the overhead of a full tender process is not justified.

Q12. Correct answer: D. Obtain comparable supplier offers

Both tenders and quotations exist to gather comparable supplier offers so the buyer can evaluate and select, before any contract is formed.

Case 5 — Manila: Standards in Specifications

Q13. Correct answer: A. Shorter

Referencing a recognised standard allows the specification to be shorter, because the detailed requirements are already set out in the standard itself rather than needing to be repeated.

Q14. Correct answer: B. A reduced barrier

Using international standards removes a barrier to trade, since overseas suppliers are more likely to be familiar with recognised international standards than with an individual organisation's own bespoke standards.

Q15. Correct answer: C. Simplification opportunities

If staff are not familiar with which standards apply or what they contain, opportunities to simplify the specification by proper use of the standard can be missed.

Case 6 — Casablanca: Designing a Specification

Q16. Correct answer: D. Purpose

Purpose asks what the specification is trying to achieve, including current needs, future-proofing considerations and whether a make-or-buy decision needs revisiting.

Q17. Correct answer: A. Performance

Performance is about defining an acceptable quality standard — setting KPIs and targets, clarifying complaint and remedy processes, and setting warranty/defects liability periods.

Q18. Correct answer: B. Clarity

Clarity requires the specification to be clear and unambiguous, using plain language wherever possible, so that pricing and contract compliance can both be assessed easily.

Case 7 — Santiago: Key Performance Indicators

Q19. Correct answer: C. The IPA rule

The IPA rule focuses KPI selection on measuring things that indicate potential Improvement, potential Problems, or things the organisation has the Ability to change.

Q20. Correct answer: D. How are you going to measure it

Step two of the five-step process asks how the KPI will be measured — what data will be used, whether it already exists or needs to be created, and how it will be analysed.

Q21. Correct answer: A. A binary measure

A binary measure allows only one of two outcomes — a yes/no or pass/fail result — such as whether or not a delivery was made on time.

Case 8 — Tbilisi: Service Level Agreements

Q22. Correct answer: B. A contract

An SLA can refer to different things, but one common and precise meaning is a single document that forms part of a wider suite of documents making up the overall contract.

Q23. Correct answer: C. A third party

The recipient of a service can be a purchaser or, instead, a third party such as an end user — for example, the actual users of a helpdesk service rather than the company that purchased the support contract.

Q24. Correct answer: D. Completeness

Quality in its widest sense in an SLA covers the physical quality of goods (robustness, design, functionality, ease of use) as well as delivery aspects including timeliness, location and completeness.

Case 9 — Nairobi: Contract Clauses, Liability and Insurance

Q25. Correct answer: A. A model form contract

Model form contracts are standardised contracts used within certain industries — examples include NEC, JCT and FIDIC — designed to create stable, consistent and broadly equitable terms.

Q26. Correct answer: B. An indemnity

An indemnity is a security or protection against loss — the party giving the indemnity agrees to compensate the other, often financially, if a specified loss occurs.

Q27. Correct answer: C. Employer's liability insurance

Employer's liability cover is normally a statutory legal requirement, protecting the employer's own workforce and demonstrating the business is meeting its legal duty of care to employees.

Case 10 — Lima: ESG, Ethical Sourcing and Pricing Arrangements

Q28. Correct answer: D. Ethical sourcing

Ethical sourcing means ensuring products are obtained responsibly and sustainably, that the workers involved are safe and treated fairly, and that environmental and social impacts are considered.

Q29. Correct answer: A. The International Labour Organization (ILO)

Labour standards — the terms and conditions of employment, particularly for the lowest-paid and most vulnerable workers — primarily derive from the work of the International Labour Organization (ILO).

Q30. Correct answer: B. Price indexation

Price indexation links a payment to an index and adjusts it in line with the index's movements — if the index rises by 5%, the payment rises by 5%, and vice versa.