Microsoft Dynamics 365 Finance

Microsoft MB-310

Version Demo

Total Demo Questions: 47

Total Premium Questions: 470

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Topic Break Down

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Total	470

QUESTION NO: 1

You are configuring vendor collaboration security roles for external vendors. You manually set up a vendor

contact.

You need to assign the Vendor (external) role to this vendor.

Which tasks can this vendor perform?

A. Request a new user account for a contact person by using the Provision user action.

B. Maintain vendor collaboration invoices.

C. Delete any contact person that they have created.

D. number.

E. View purchase orders and respond to requests for quotation through vendor collaboration.

ANSWER: E

Explanation:

View purchase orders and respond to requests for quotation through vendor collaboration is correct because the *Vendor (external)* security role provides the standard operational access that an external vendor needs in the vendor collaboration interface. After the vendor contact is associated with a user account and assigned this role, the vendor can access purchasing documents made available to their vendor account. This includes reviewing purchase-order information and participating in purchasing processes, such as responding to RFQs sent through vendor collaboration. These capabilities allow the vendor to communicate and transact with the buying organization without granting the vendor administrative control over user provisioning or specialized invoice-management permissions. Access is also constrained by the vendor account and the legal entities configured for vendor collaboration, so the external user works only with information that the buying organization has made available to that vendor. Microsoft describes vendor collaboration as the workspace through which vendors can work with purchase orders, RFQs, and related collaboration processes. For setup and role assignment details, see Set up vendor collaboration and Vendor collaboration with external vendors.

QUESTION NO: 2 - (HOTSPOT)

HOTSPOT

You are setting up a budget plan to accurately portray the projected budget for a company.

You need to select the appropriate allocation method for data distribution.

Which allocation methods should you use? To answer, select the appropriate configuration in the answer area.

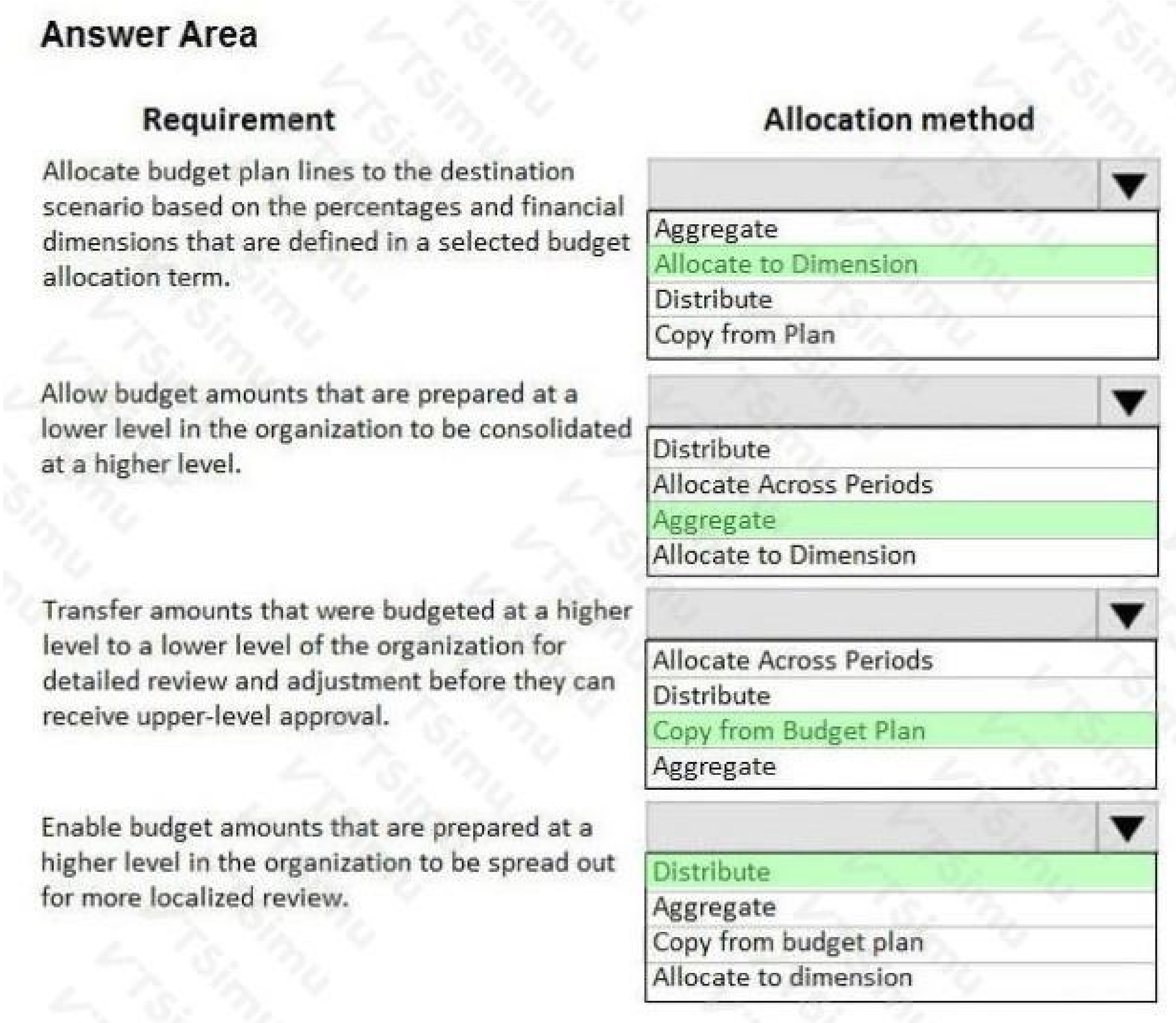
NOTE: Each correct selection is worth one point.

Hot Area:

Answer Area

Requirement	Allocation method
Allocate budget plan lines to the destination scenario based on the percentages and financial dimensions that are defined in a selected budget allocation term.	Aggregate Allocate to Dimension Distribute Copy from Plan
Allow budget amounts that are prepared at a lower level in the organization to be consolidated at a higher level.	Distribute Allocate Across Periods Aggregate Allocate to Dimension
Transfer amounts that were budgeted at a higher level to a lower level of the organization for detailed review and adjustment before they can receive upper-level approval.	Allocate Across Periods Distribute Copy from Budget Plan Aggregate
Enable budget amounts that are prepared at a higher level in the organization to be spread out for more localized review.	Distribute Aggregate Copy from budget plan Allocate to dimension

ANSWER:



Explanation:

Budget planning allocation methods are used to move or reshape budget-plan data between scenarios and organizational levels in a controlled way. For the requirement based on percentages and financial dimensions in an allocation term, use **Allocate to Dimension**. This method applies the percentages and dimension values defined in the budget allocation term, which lets the budget plan lines be allocated into the destination scenario according to the required dimensional distribution.

For consolidation of amounts created lower in the organization, use **Aggregate**. Aggregation rolls budget plan data upward, allowing a higher organizational level to receive a consolidated view of the amounts prepared by subordinate organizations. This supports hierarchical planning and review while preserving the intended organizational rollup.

For sending amounts budgeted at a higher level to a lower-level plan so that they can be reviewed and adjusted before approval returns upward, use **Copy from Budget Plan**. This method is designed to copy budget data from one budget plan into another plan, making the relevant higher-level proposal available to the lower-level organization for its detailed planning work.

For making a higher-level budget available across lower levels for localized review, use **Distribute**. Distribution pushes the prepared amount downward through the budget-planning organization hierarchy so that responsible organizations can work with their allocated portion of the budget. These methods support the common top-down and bottom-up planning processes available in Dynamics 365 Finance. Microsoft documents the behavior of these allocation methods in [Budget planning data allocation](#).

QUESTION NO: 3

A client has multiple legal entities set up in Dynamics 365 for Finance and Operations. All companies and data reside in Finance and Operations, The client currently uses a separate reporting tool to perform their financial consolidation and eliminations. They want to use Finance and Operations instead.

You need to configure the system and correctly perform eliminations.

Solution: Select Consolidate online in Finance and Operations. Include eliminations during the process or as a proposal. Setup the transactions to post in the legal entity configured for consolidations.

Does the solution meet the goal?

A. Yes

B. No

ANSWER: A

Explanation:

Yes is correct. Because all source companies and their financial data are maintained in the same Dynamics 365 Finance environment, online consolidation is the appropriate consolidation method. Online consolidation collects balances from the selected source legal entities and creates the resulting consolidation transactions directly in the designated consolidation legal entity. This provides a Finance-based process for producing consolidated balances instead of relying on a separate reporting application.

Elimination processing can be incorporated into this process by defining elimination rules and generating elimination entries as part of the consolidation activity. Finance also supports creating an elimination proposal, which allows the proposed elimination transactions to be reviewed before they are posted. The consolidation setup identifies the legal entity that receives the consolidated and elimination postings, ensuring that the resulting transactions are recorded in the proper consolidation company.

These capabilities allow the organization to consolidate legal entities and process intercompany eliminations within Finance, while retaining control over the posting and review of elimination entries. For details, see Financial consolidation overview and Consolidation and elimination overview.

QUESTION NO: 4

Note: This question is part of a series of questions that present the same scenario. Each question in the series contains a unique solution that might meet the stated goals. Some question sets might have more than one correct solution, while others might not have a correct solution.

After you answer a question in this section, you will NOT be able to return to it. As a result, these questions will not appear in the review screen.

A customer uses Dynamics 365 Finance. The customer creates a purchase order for purchase $20,000 of office furniture.

You need to configure the system to ensure that the funds are reserved when the purchase order is confirmed.

Solution: Set up posting definitions for purchase requisitions.

Does the solution meet the goal?

A. Yes

B. No

ANSWER: B

Explanation:

No is correct. Reserving budget when a purchase order is confirmed is controlled through the Budget control framework and its encumbrance settings, not by setting up posting definitions for purchase requisitions. Budget control must be configured for the applicable legal entity and budget funds, with purchase orders selected as source documents for budget control. When encumbrance processing is enabled for purchase orders, confirmation of the purchase order creates an encumbrance against the available budget. This reserves the expected expenditure before the vendor invoice is posted, helping the organization prevent commitments from exceeding available budget amounts.

Purchase requisitions can participate in budget control earlier in the procurement process, but configuring posting definitions for them does not itself establish the required budget reservation at purchase-order confirmation. The required configuration must specifically support budget checking and encumbrance creation for purchase orders. Microsoft describes budget control configuration and the source documents that can be subject to budget checking in [Budget control overview](). For details on recording commitments and encumbrances from purchasing documents, see [Encumbrance accounting]().

QUESTION NO: 5 - (SIMULATION)

A company uses Dynamics 365 Finance. The company induces sot departments that participate in the budget planning process.

The finance department generates a previous year budget scenario You must generate a new baseline scenario that is based on the previous year's budget scenario.

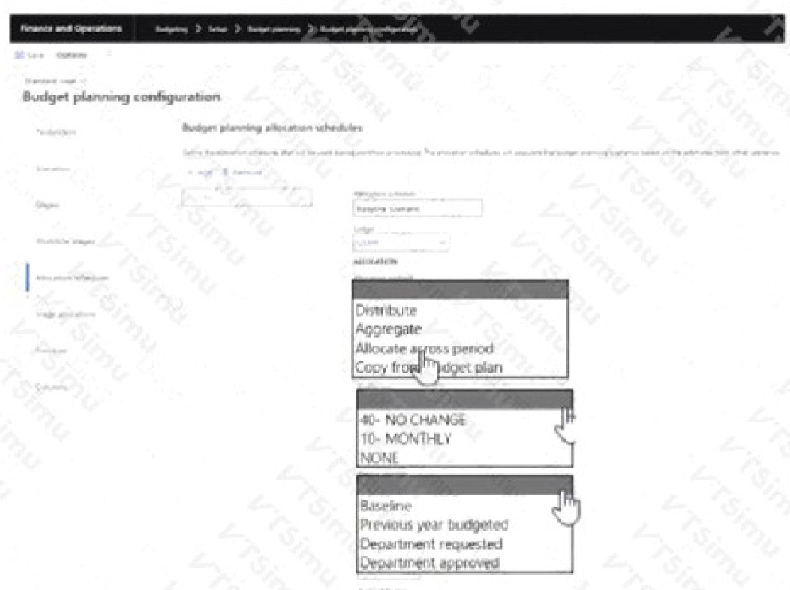
Department managers must be able to enter their budget requests in the baseline scenario. Al department requests must be made available to the finance department so that they can determine the total budget funds requested and approve the budget scenario

You need to configure the allocation schedule.

How should you configure the schedule for the baseline scenario? To answer, select the appropriate options in the dialog box in the answer area

NOTE: Each correct selection worth one point.

Answer Area



ANSWER: See the explanation for the answer

Explanation:

Configure the allocation schedule that creates the **Baseline** scenario as follows:

This copies the previous year's budget-plan values into the Baseline scenario without redistributing the values across periods. Department managers can then enter their requests against that baseline, and Finance can subsequently aggregate/review and approve the submitted requests.

QUESTION NO: 6

A client needs guidance on month-end closing procedures.

The client needs to be able to stop all teams except Accounts payable and General ledger from posting transactions for the month.

You need to configure Dynamics 365 Finance to allow only those two teams to transact during the period being closed.

Which three actions should you perform? Each correct answer presents part of the solution.

NOTE: Each correct selection is worth one point.

A. Create a user group called month end access for Accounts payable and General ledger team members.

B. Set all modules to none to prevent any transactions from being posted.

C. Configure the financial period close workspace tasks to the Accounts payable and General ledger teams only

D. Move the period status to on hold for your client’s one legal entity.

E. Assign the user group month end access on the ledger calendar form for the modules they need access to.

ANSWER: A D E

Explanation:

To restrict posting during month-end while preserving controlled access for the Accounts payable and General ledger teams, create a user group that contains the users who require the exception. This group provides a maintainable way to grant the same period-posting access to the authorized staff without opening the period to all users. Set the relevant financial period to *On hold* for the legal entity. An on-hold period prevents ordinary posting activity while allowing explicitly authorized user groups to continue posting where necessary for the close process. Finally, assign the month-end user group on the Ledger calendar for the specific modules that Accounts payable and General ledger need to use. This module-level assignment supplies the targeted exception, so authorized users can complete invoices, payments, journals, and required ledger activity while other teams remain unable to post in that period. The period status and module/user-group access must be configured together: the hold establishes the closing control and the Ledger calendar access configuration identifies the permitted users and modules. For details, see Ledger calendars in Dynamics 365 Finance and Financial period close.

QUESTION NO: 7

A company provides employee life insurance to all full-time employees. Employee life insurance policies are paid twice a year to the insurance company. Transactions for current employees must be recognized in the general ledger twice a month with an employee's pay. Transactions for new employees must be recognized in the general ledger based upon the employee's first pay date.

You need to configure accrual schemes for the new fiscal year.

Which two configurations should you use? Each correct answer presents part of the solution.

NOTE: Each correct selection is worth one point.

A. For new employees, use a Credit accrual scheme. In the ledger accrual, set the offset to the first day of the fiscal year.

B. For current employees, use a Credit accrual scheme. In the ledger accrual, set the offset to the employee’s first pay date.

C. For new employees, use a Debit accrual scheme. In the ledger accrual, set the offset to the employee’s first pay date.

D. For current employees, use a Debit accrual scheme. In the ledger accrual, set the offset to the first day of the fiscal year.

ANSWER: C D

Explanation:

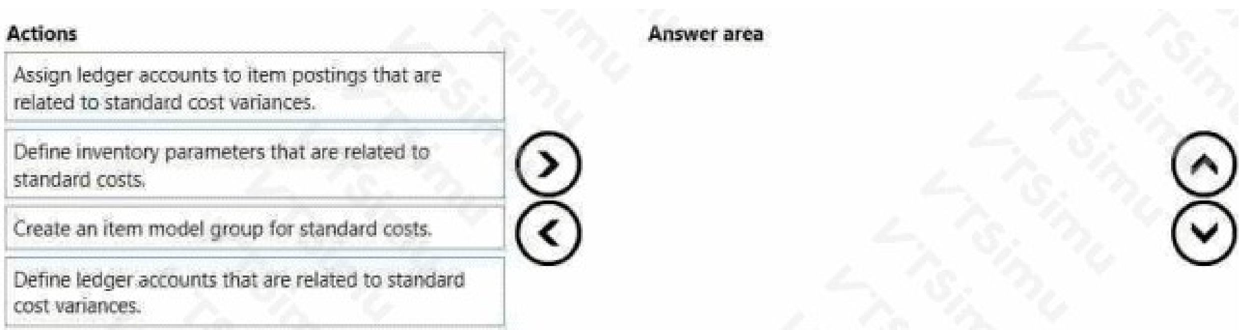
Life-insurance payments made in advance represent a prepaid expense that must be recognized as insurance expense over the applicable coverage period. A Debit accrual scheme is appropriate because it distributes an initially recorded prepaid debit balance to the expense account through scheduled recognition entries. For current employees, recognition must begin at the start of the new fiscal year and continue twice monthly with payroll. Therefore, using a Debit accrual scheme with the offset set to the first day of the fiscal year establishes the correct starting point for the recurring allocations. For new employees, no insurance expense should be recognized before the employee becomes eligible and receives the first pay date. Using a Debit accrual scheme with the offset set to the employee's first pay date ensures that the accrual schedule begins only when payroll-based recognition is required. The accrual scheme schedule can then produce the periodic general ledger postings that move the appropriate portion of the prepaid insurance balance into expense. Microsoft describes ledger accruals and the use of accrual schemes to distribute amounts across accounting periods in Ledger accruals. Additional configuration context is available in Create accrual schemes.

QUESTION NO: 8 - (DRAG DROP)

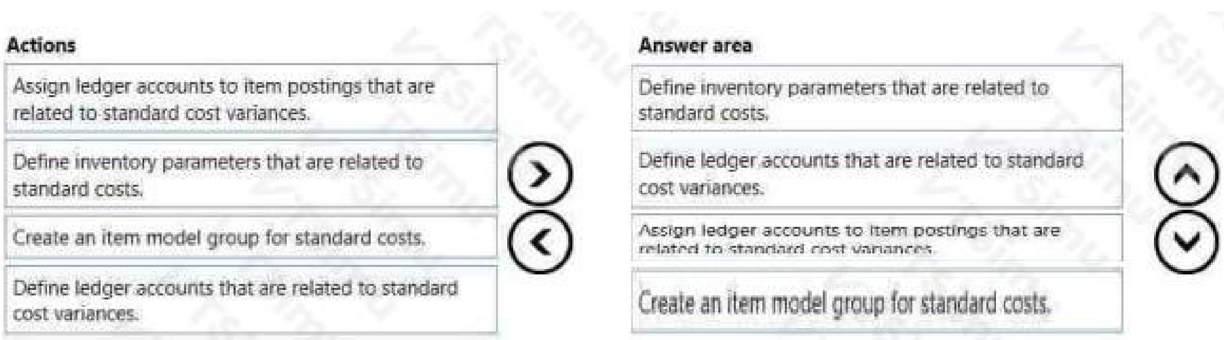
You need to setup a process of tracking, recording, and analyzing costs associated with the products or activities of a nonmanufacturing organization.

You need to configure the prerequisite setup for the standard costing version for the current period.

In which order should you perform the actions? To answer, move all actions from the list of actions to the answer area and arrange them in the correct order.



ANSWER:



Explanation:

Standard costing requires the costing and accounting framework to be configured before an item model group is created and used for standard-cost items. Begin by defining the inventory parameters related to standard costs. These parameters establish the company-level behavior that supports standard-cost processing for the current period and provide the foundation for the remaining configuration.

Next, define the ledger accounts used for standard cost variances. Standard costing can generate financial differences when actual transaction values differ from the active standard cost, so the appropriate variance accounts must exist in the chart of accounts before they can be used by inventory posting setup. After the ledger accounts have been defined, assign those accounts to the relevant item-posting definitions for standard cost variances. This links the accounting destinations to the inventory transactions that generate the variance postings.

Finally, create an item model group for standard costs. The item model group is the item-level control that applies the standard-cost inventory model and is created after the supporting inventory parameter and posting-account prerequisites are available. This gives the model group a valid configuration context for products or activities that will use standard costing. Microsoft documents this prerequisite flow in its standard-cost setup guidance: Prerequisites for standard costs. Related inventory accounting configuration is described in Inventory costing overview.

QUESTION NO: 9

A company has recently deployed Microsoft Dynamics 365 Finance. You have been hired as a Functional Consultant. Your role will include the management of the Dynamics 365 Finance system and to provide training for members of the Accounts team.

You are providing training on the cost accounting module in the Dynamics 365 Finance system.

Which of the following statements describes a cost entry?

A. Used to distribute cost from one cost object to one or more other cost objects by applying a relevant allocation base.

B. Used to allocate the balance of a cost object to other cost objects by applying an allocation base

C. Represents the cost structure. The structure determines how cost flows in a hierarchical order between cost object dimensions and their respective cost objects.

D. The result of a transfer via data connectors from general ledger entries, cost allocations, and posted cost entries in cost journals.

ANSWER: D

Explanation:

The result of a transfer via data connectors from general ledger entries, cost allocations, and posted cost entries in cost journals correctly describes a cost entry in Dynamics 365 Finance Cost accounting. Cost entries are the transactional records that Cost accounting uses as its source for processing and analysis. They can originate when financial data is transferred from General ledger through a data connector, when amounts are generated through Cost accounting allocation processing, or when users post entries directly in cost journals. This provides Cost accounting with a consolidated set of cost transactions that can be assigned, allocated, and reported across cost objects and cost object dimensions.

Data connectors are central to this process because they define the source and mapping of accounting data into Cost accounting. After transfer, the resulting cost entries support cost control and internal management reporting independently of the statutory General ledger structure. Cost journal postings also create cost entries directly, enabling adjustments or cost transactions that are required specifically for managerial cost accounting. Microsoft's Cost accounting terminology identifies cost entries as the outcome of these transfer, allocation, and journal-posting processes. For more detail, see Cost accounting terminology and Cost accounting data connectors.

QUESTION NO: 10

You work as the Accounts Manager for a company. The company uses Microsoft Dynamics 365 Finance for its accounting system.

The company has sold a number of fixed assets.

You plan to enter the Fixed assets transactions in the Free text invoice page in Accounts Receivable.

For free text invoices, the fixed asset transaction type will be which of the following?

A. Disposal

B. Depreciation

C. Acquisition

D. Acquisition adjustment

ANSWER: A

Explanation:

Disposal is correct because a free text invoice used to record proceeds from selling a fixed asset must create a fixed-asset disposal transaction. In Dynamics 365 Finance, the invoice represents the consideration received from the customer for the asset, while the related fixed-asset posting records that the asset has been disposed of and updates its fixed-asset status and values accordingly. The disposal process posts the sale proceeds and enables Finance to calculate and post the resulting gain or loss based on the asset's net book value at the disposal date. The asset transaction is therefore associated with a disposal, rather than with the original purchase or an ongoing valuation process. When entering the free text invoice line, users select the applicable fixed asset and use the disposal transaction type so that Accounts receivable and Fixed assets are integrated correctly. Microsoft's fixed-asset guidance describes recording the sale of an asset as a disposal and explains that disposal postings account for sales proceeds and the gain or loss. See Dispose of fixed assets and Create free text invoices.

QUESTION NO: 11

You are configuring budgeting components in Dynamics 365 Finance.

You need to configure multiple budgets.

What are three budgeting options you can use? Each correct answer presents a complete solution.

NOTE: Each correct selection is worth one point.

A. Cost management budget, including Production and Resource groups

B. Sales budget, including Campaigns and Events

C. Workforce budget, including Compensation groups and Positions

D. Project budget, including Items and Fees

E. Ledger budget, including Revenue and Expense types

ANSWER: C D E

Explanation:

Dynamics 365 Finance budget planning supports planning that is tailored to the business area being budgeted. **Workforce budget, including Compensation groups and Positions** is appropriate because position budgeting supports planning workforce-related costs and headcount using organizational positions and compensation information. This lets an organization model staffing plans and associated compensation as part of its budget process.

Project budget, including Items and Fees is also a valid budgeting option. Project-oriented planning can incorporate project cost and revenue details, including item-based transactions and fee-related amounts, so that project financial expectations can be included in budget planning.

Ledger budget, including Revenue and Expense types is a core Finance budgeting approach. Ledger budget planning uses financial dimensions and main accounts to plan amounts for revenues and expenses, enabling organizations to produce and control an overall financial budget. These budget types can be organized through budget planning processes, scenarios, stages, and workflows to support review and approval. Microsoft describes budget planning as supporting budgeting for positions, projects, and ledger accounts; see Budget planning overview and Configure budget planning processes.

QUESTION NO: 12

Your role of Systems Administrator includes the management of your company's Microsoft Dynamics 365 Finance system.

Invoice matching validation has been configured. Multiple matching policies have been applied at different matching policy levels.

When viewing the configuration, you discover that an item named Item1 supplied by a vendor named Vendor1 is affected by multiple matching policies applied at different levels.

You need to determine which matching policy will be applied.

Which of the following statements is true?

A. The matching policy applied at the Item level will apply.

B. The matching policy applied at the Vendor level will apply.

C. The matching policy applied at the Legal entity level will apply.

D. The matching policy applied at the Item and vendor level will apply.

ANSWER: D

Explanation:

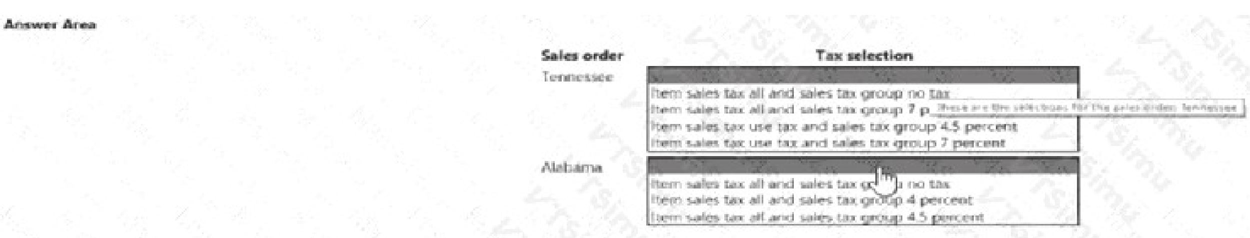
The matching policy applied at the Item and vendor level will apply. In Dynamics 365 Finance, invoice matching policies can be defined at several levels so that an organization can establish broad default controls while applying more specific requirements for particular purchasing scenarios. When more than one matching policy can apply to an invoice line, Finance resolves the overlap by using the most specific applicable policy. A policy defined for the exact combination of Vendor1 and Item1 is more specific than a policy defined only for the item, only for the vendor, or for the legal entity. Therefore, the system uses the settings defined for that vendor-item combination when it validates the relevant invoice line. This precedence supports targeted control of invoice matching behavior, such as selecting the matching method and tolerances for items purchased from a particular supplier, without changing the organization-wide or vendor-wide configuration. The policy must be active and applicable to the legal entity and transaction context for its settings to be used. For Microsoft guidance on configuring invoice matching validation and matching policies, see [Set up invoice matching validation] and [Invoice matching overview].

QUESTION NO: 13 - (HOTSPOT)

You need to validate the sales tax postings for Tennessee and Alabama.

Which tax selections meet the requirement? To answer. select the appropriate options in the answer area

NOTE: Each correct selection is worth one point.



ANSWER:

Explanation:

For this validation, the sales order must use the tax selection that represents the applicable sales-tax rate in the destination state while retaining the normal taxable item tax group. In Dynamics 365 Finance, a sales tax group represents the taxes that apply to a customer or transaction, and an item sales tax group determines the taxes applicable to the item being sold. Finance calculates sales tax from the intersection of those two groups. Microsoft describes this relationship in its [sales tax configuration documentation] and in the [indirect taxes overview].

The Tennessee sales order should therefore be assigned the selection reading **item sales tax all and sales tax group 7 percent**. This preserves the taxable item treatment and applies the required Tennessee 7-percent tax group, producing the intended tax calculation and posting.

The Alabama sales order should be assigned the selection reading **item sales tax all and sales tax group 4 percent**. The item group remains **all** because the sale is taxable, while the sales tax group supplies Alabama's required 4-percent rate. This pairing is the correct setup for validating the sales-tax posting for that order. Finance uses the configured sales tax codes, groups, and posting setup to calculate and post the tax amount to the appropriate ledger accounts; see Microsoft's guidance on [setting up sales tax].

QUESTION NO: 14

You are implementing Dynamics 365 Finance.

Subledger entries must transfer automatically to the general lender.

You need to configure a hatch transfer rule

Which two options should you select? Each correct answer presents a complete solution

NOTE: Each correct selection is worth one point

A. Scheduled batch

B. Scheduler job

C. Batch jobs

D. Asynchronous

ANSWER: D

Explanation:

Asynchronous is the appropriate selection for a batch transfer rule when subledger accounting entries must be transferred automatically to the general ledger. Asynchronous processing separates the transfer from the originating subledger posting process. Finance places eligible subledger accounting entries into processing and transfers them to the general ledger through background batch processing, rather than requiring the transfer to finish while the source transaction is being posted.

This approach supports automated, scalable processing for high transaction volumes and lets administrators control the execution through the batch framework. The batch transfer rule is used to define how qualifying subledger transactions are handled, while asynchronous processing enables the transfer workload to run independently and without blocking users who enter or post source documents. This is particularly useful when the organization wants consistent automated transfers while maintaining responsive operational posting.

Microsoft documents the subledger-to-general-ledger transfer process and configuration concepts in [Subledger transfer to the general ledger]. For background processing behavior and administration, see [Batch processing overview].

QUESTION NO: 15

You need to determine why CustomerX is unable to confirm another sales order.

What are two possible reasons? Each answer is a complete solution.

NOTE: Each correct selection is worth one point.

A. The credit limit parameter is set to Balance + All.

B. The credit limit is set to 0.

C. An inventory item is out of stock.

D. The inventory safety stock is set to 0.

ANSWER: A C

Explanation:

The credit limit parameter is set to Balance + All and an inventory item is out of stock are both conditions that can prevent a further sales order from proceeding to confirmation, depending on the configuration and controls applied to the order. The *Balance + All* credit-limit type evaluates the customer's outstanding balance together with the value of all open sales orders. Therefore, a new order can cause the customer's calculated credit exposure to exceed the defined limit, placing the order on credit hold and preventing confirmation until the issue is resolved or an authorized user overrides the hold. Microsoft describes the sales-order process and the controls that apply before orders are confirmed in the Sales orders documentation. In addition, when inventory availability checking or reservation requirements are active, an order line for an item with no available inventory can prevent the order from meeting the requirements for confirmation or fulfillment. Inventory availability is evaluated in the context of sales-order processing, including delivery and reservation-related policies. See View on-hand inventory for Microsoft guidance on inventory availability information used in operational processes.

QUESTION NO: 16

Manual entry of currency exchange rates must be discontinued. Currency exchange rates must use the current rate values provided by the European Central Bank. The exchange rate entries and updates must be automated.

You need to configure the system.

Which two options should you use? Each correct answer presents part of the solution.

NOTE: Each correct selection is worth one point.

A. Configure the exchange rate provider

B. Run currency revaluation

C. Create the currencies

D. Configure dual currency

E. Run the import currency exchange rate process

ANSWER: A E

Explanation:

To automate exchange-rate maintenance using current values from the European Central Bank, configure the exchange rate provider and run the import currency exchange rate process. Dynamics 365 Finance uses an exchange-rate provider to identify the external service from which rates will be retrieved. The provider setup includes selecting the appropriate provider type, such as the European Central Bank provider, and defining the currencies and exchange-rate type that the imported rates will update.

After the provider is configured, the import currency exchange rate process retrieves the available rates from that provider and creates or updates the exchange-rate records in Finance. This process can be run on demand and can also be scheduled through batch processing, which removes the need for manual rate entry and supports regular automated updates. The imported rates are stored for the selected exchange-rate type and effective date, allowing financial transactions and reporting to use the current maintained rates.

For configuration details, see Import currency exchange rates and Set up exchange rate providers.

QUESTION NO: 17

A company uses Dynamics 36S Finance. The company is based in the United States and sells a product online. The product is shipped to the United States, Canada, and Mexico. The product is sourced from Brazil

Legal entities must be set up for each country/region. One ledger account must be used to track sales tax payable. You need to configure the system to track Use Tax.

Which two parameters should you configure? Each correct answer presents part of the solution.

NOTE: Each correct selection is worth one point.

A. tax code for each legal entity

B. taxation rule

C. single sales tax code for the United States

D. ledger posting group

E. single sales tax code for Brazil

ANSWER: A D

Explanation:

tax code for each legal entity is required because sales tax configuration in Dynamics 365 Finance is maintained in the context of a legal entity. Each country or region in which the company operates can have distinct tax obligations, rates, registration requirements, and use-tax treatment. Creating and assigning the appropriate tax codes in each legal entity allows Finance to calculate and record use tax correctly for transactions belonging to that entity. A tax code identifies the tax rate and behavior used during tax calculation, including use-tax scenarios.

ledger posting group is required to control the general ledger accounts used when tax is posted. The ledger posting group associated with the tax code determines the sales tax payable posting account. The same ledger posting group can be used by tax codes across the relevant legal-entity configurations where the business requirement is to track sales tax payable in one designated ledger account. This provides consistent tax-account posting while retaining tax-code setup appropriate to each legal entity.

For more information, see Microsoft's guidance on indirect taxes in Dynamics 365 Finance and sales tax codes.

QUESTION NO: 18

A public sector company is configuring encumbrance for managing capital budgets. The finance department needs to configure posting definitions for bank transactions. You need to configure Dynamics 365 for Finance and Operations for cash settlements. What should you do?

A. Configure general ledger year-end close.

B. Configure combined deposit amounts.

C. Configure budget appropriations.

D. Configure advanced ledger entries.

ANSWER: D

Explanation:

Configure advanced ledger entries. is correct because cash settlement transactions in Dynamics 365 Finance use the advanced ledger entry framework to create the accounting entries required for settlement processing. An advanced ledger entry identifies the accounting event and source document context that is used when the transaction is posted. It also provides the connection to a posting definition, which determines the ledger accounts and financial dimensions that are applied to the resulting voucher entries.

For public-sector organizations, this configuration is important because cash settlement activity must be represented consistently in the general ledger while supporting the organization's budgetary and cash-management processes. The advanced ledger entry setup lets the organization associate the relevant cash-settlement bank transaction with the appropriate posting definition. Finance can then derive accounting distributions according to the configured rules rather than relying on a manually selected ledger account for each settlement.

Microsoft documents that posting definitions are used with advanced ledger entries to generate accounting entries for supported business processes. See Posting definitions and Advanced rules and account structures for the related ledger-accounting configuration concepts.

QUESTION NO: 19

The Canadian franchise purchases excess ski equipment from the US franchise. Two sets of skis are purchased totaling USD1,000.

When the purchase invoice is prepared, USD10,000 is keyed in by mistake.

Which configuration determines the result for this intercompany trade scenario?

A. Post invoices with discrepancies is set to require approval.

B. Match invoice totals is set to yes.

C. Three-way match policy is configured.

D. Two-way match policy is configured.

E. Post invoices with discrepancies is set to allow with warning.

ANSWER: B

Explanation:

Match invoice totals is set to yes. is correct because the error is a discrepancy between the total amount entered on the vendor invoice and the expected total amount for the related purchase order. Enabling invoice-total matching causes Dynamics 365 Finance to compare the invoice total with the calculated expected invoice total from the purchase order and associated matching information. In this case, an entered total of USD10,000 is materially different from the USD1,000 purchase, so the system identifies an invoice-total matching discrepancy.

This setting is particularly appropriate when the business needs a control over the overall financial value of an invoice, rather than only a comparison of individual quantities or receipt activity. Invoice-total matching also supports tolerance handling, allowing an organization to define acceptable small differences while still flagging substantial errors such as this tenfold overstatement. The intercompany nature of the purchase does not remove the need for the purchasing company's Accounts payable invoice-matching controls to validate the invoice amount before processing. Microsoft documents invoice matching and the invoice-total matching setup in Set up invoice matching and describes the related controls in Accounts payable parameters.

QUESTION NO: 20

You need to view the results of Fourth Coffee Holding Company ' s consolidation.

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Which three places show the results of financial consolidation? Each correct answer presents a complete

solution.

NOTE : Each correct selection is worth one point.

A. a financial report run against the company Fourth Coffee

B. a trial balance in the Fourth Coffee Holding Company

C. a trial balance in the company Fourth Coffee

D. a financial report run against the Fourth Coffee Holding Company

E. the consolidations form in Fourth Coffee Holding Company

ANSWER: B D E

Explanation:

Financial consolidation posts the consolidated balances and transactions into the designated consolidation legal entity, which in this case is Fourth Coffee Holding Company. Therefore, a trial balance in the Fourth Coffee Holding Company provides a direct view of the resulting consolidated account balances for the selected fiscal period. The trial balance is based on the ledger data in that legal entity, including the entries produced by the consolidation process.

A financial report run against the Fourth Coffee Holding Company also displays the consolidated results because Financial reporting retrieves financial data for the company selected in the report context. This allows balance sheet, income statement, and other report definitions to present the consolidated ledger balances using the report's rows, columns, and filters.

The consolidations form in Fourth Coffee Holding Company is also an appropriate place to review consolidation results. It provides the consolidation records and processing information in the consolidation company, enabling users to review completed consolidation activity and related results. Microsoft documents that consolidation combines balances from subsidiary legal entities into a consolidation company and that the resulting data can be reviewed through standard ledger inquiry and reporting capabilities. See [Consolidate legal entities] and [Trial balance].

QUESTION NO: 21

You are configuring the Fixed assets module for a Dynamics 365 Finance environment.

You need to create a fixed asset.

Which two settings are required? Each correct answer presents part of the solution.

NOTE: Each correct selection is worth one point.

A. the property type

B. the group

C. the number sequence

D. the type

E. the name

ANSWER: B E

Explanation:

Creating a fixed asset requires selecting **the group** and entering **the name**. The fixed asset group is a required classification because it supplies the asset's accounting and operational setup, including depreciation profiles, posting profiles, and default settings that govern how the asset is managed and posted. It also establishes the asset's relationship to the organization's fixed-asset configuration.

The name is required to identify the individual asset in fixed-asset records, inquiries, and reports. It provides the meaningful business description users need to distinguish one asset from another, such as a vehicle, production machine, or computer.

When an asset group is selected, Dynamics 365 Finance can apply configuration associated with that group during asset creation. In particular, an asset-number sequence can be associated with the group so that the system assigns the fixed asset number automatically. This enables consistent numbering without requiring the user to set up or enter numbering as an independent required setting for every new asset.

Microsoft’s fixed-assets documentation describes creating asset records and assigning them to fixed asset groups: Create fixed assets. For group-based setup and defaults, see Fixed asset groups.

QUESTION NO: 22

You need to correct the sales tax setup to resolve User5's issue.

Which three actions should you perform? Each correct answer presents part of the solution.

NOTE: Each correct selection is worth one point.

A. Populate the sales tax code on the sales order line.

B. Assign the sales tax group to CustomerY.

C. Assign the relevant sales tax code to both the sales tax and item sales tax groups.

D. Populate the item sales tax group field on the sales order line.

E. Populate the sales tax group field on the sales order line.

ANSWER: C D E

Explanation:

Sales tax calculation for a sales order requires both a customer-related sales tax group and a product-related item sales tax group. The applicable sales tax codes are determined from the intersection of the sales tax codes that are assigned to those two groups. Therefore, assigning the relevant sales tax code to both the sales tax group and the item sales tax group establishes the tax-code combination that Finance can use to calculate tax for the transaction.

For the affected order, the item sales tax group must be populated on the sales order line because it identifies the tax treatment of the item being sold. The sales tax group must also be populated on the sales order line to identify the customer or transaction tax context. With both groups present on the line and with a common sales tax code assigned to the groups, Finance can derive the applicable code and calculate the appropriate sales tax. These values can be defaulted from master data, but populating them on the order line ensures the correction applies to the transaction being processed.

For more information, see Indirect taxes overview and Sales tax groups and item sales tax groups.

QUESTION NO: 23

Your role of Systems Administrator includes the management of your company’s Microsoft Dynamics 365 Finance system.

Users report that the results in financial reports are incorrect.

You discover that the discrepancies are caused by users selecting invalid main account and dimension combinations when posting journal entries.

You need to specify which financial dimensions are valid for which main accounts to prevent the invalid main account and dimension combinations.

What should you configure?

A. Ledger allocation rules

B. Financial dimension sets

C. Account structure

D. Cost classifications

ANSWER: C

Explanation:

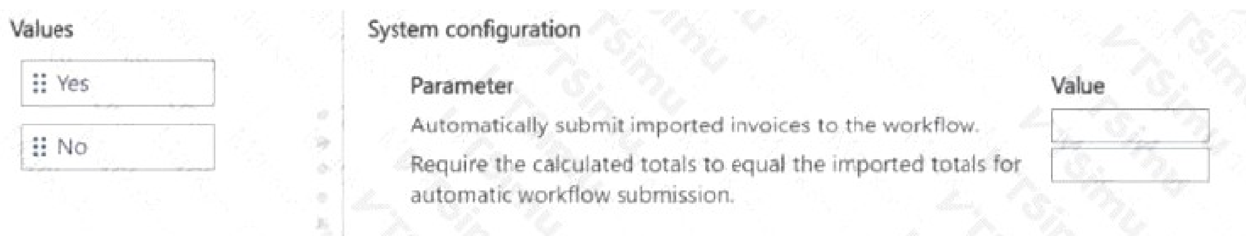
Account structure is the configuration used to define the valid combinations of a main account and financial-dimension values in Dynamics 365 Finance. An account structure begins with the main account and then includes the financial dimensions that are applicable to postings for that account. Within the structure, advanced rules can further control which dimension values or value ranges are permitted for particular main accounts. When a user enters a ledger journal, the system validates the selected ledger account combination against the active account structure, helping ensure that only authorized and meaningful combinations can be posted. This validation improves the quality and consistency of ledger data, which in turn supports accurate balances and financial reporting. Account structures can also specify whether a dimension is required or optional for an applicable account range, allowing the organization to enforce its chart-of-accounts design and reporting requirements at entry time. Configure and activate the appropriate account structure before relying on it for transaction validation. For implementation details, see [Configure account structures]() and [Accounting structures overview]().

QUESTION NO: 24 - (DRAG DROP)

You need to resolve the accounts payable manager issue and resolve the user acceptance testing bug reported by the accounts payable clerk.

How should you configure the system? To answer, move the appropriate Value to the correct Parameter. You may use each Value once, more than once, or not at all. You may need to move the split bar between panes or scroll to view content.

NOTE: Each correct selection is worth one point.



ANSWER:

Explanation:

The correct configuration enables automatic workflow submission for imported vendor invoices by setting **Automatically submit imported invoices to the workflow** to **Yes**. This activates the vendor invoice automation behavior that sends qualifying imported invoices into the configured workflow without requiring the accounts payable clerk to manually submit each imported document. That resolves the acceptance-testing issue in which an imported invoice or receipt still requires a manual workflow submission step.

Set **Require the calculated totals to equal the imported totals for automatic workflow submission** to **No**. With this setting, a difference between the totals obtained from the imported invoice data and the totals calculated by the system does not prevent the invoice from being automatically submitted to workflow. The workflow itself remains the appropriate controlled process for review, approval, and handling of invoice information, while automation can continue to route the imported invoice for that review. This supports the accounts payable manager's requirement to avoid workflow submission being unnecessarily stopped by the totals-equality condition.

These settings are available in the vendor invoice automation area of Accounts payable parameters, on the Invoice tab. Microsoft documents vendor invoice automation as the feature that can automatically process imported invoice documents and submit them to workflow according to the configured automation rules and parameters. See [Vendor invoice automation in Dynamics 365 Finance]() and [Accounts payable parameters]() for the related configuration guidance.

QUESTION NO: 25

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A customer uses the sales tax functionality in Dynamics 365 Finance.

The customer reports that when a sales order is created, sales tax does not calculate on the line.

You need to determine why sales tax is not calculated.

What are two possible reasons? Each correct answer presents a complete solution.

NOTE: Each correct selection is worth one point.

A. The sales tax group is populated on the line, but the item sales tax group is missing.

B. The sales tax settlement account is not configured correctly.

C. The sales tax authority is not set up for the correct jurisdiction.

D. The sales tax code and item sales tax code are selected, but the sales tax group is not associated to both codes.

E. The sales tax group and item sales tax group are selected, but the sales tax code is not associated with both groups.

ANSWER: A E

Explanation:

Sales tax calculation on a sales order line depends on both a sales tax group and an item sales tax group. The sales tax group identifies the tax codes applicable to the customer, delivery, or transaction context, while the item sales tax group identifies tax codes applicable to the item being sold. Dynamics 365 Finance calculates tax only when it can find a sales tax code that is common to both groups. Therefore, *The sales tax group is populated on the line, but the item sales tax group is missing.* is a complete reason for no tax calculation: without an item sales tax group, the system has no item-side tax-code selection to intersect with the sales tax group. Likewise, *The sales tax group and item sales tax group are selected, but the sales tax code is not associated with both groups.* prevents a matching code from being found. The presence of groups alone is insufficient; at least one sales tax code must be included in each group for the system to calculate tax for that line. This matching-group design lets Finance apply tax based on both the party/transaction context and the item classification. See Indirect taxes overview and Set up sales tax groups and item sales tax groups.

QUESTION NO: 26

Note: This question is part of a series of questions that present the same scenario. Each question in the series contains a unique solution. Determine whether the solution meets the stated goals. Some question sets might have more than one correct solution, while others might not have a correct solution.

After you answer a question in this section, you will NOT be able to return to it. As a result, these questions will not appear in the review screen.

A customer uses Dynamics 365 Finance.

The controller notices incorrect postings to the ledger entered via journal.

The system must enforce the following:

▪ Expense accounts (6000-6998) require department, division, and project with all transactions. Customer dimension is optional. ▪ Revenue accounts (4000-4999) require department and division and allow project and customer dimensions.

▪ Liability accounts (2000-2999) should not have any dimensions posted.

▪ Expense account (6999) requires department, division, project and customer dimensions with all transactions.

You need to configure the account structure to meet the requirements.

Solution:

▪ Configure two account structures: one for liability accounts listing the (2000-2999) range with no following dimensions and one for Expense and Revenue accounts.

▪ For Expense accounts (6000-6998) and Revenue accounts (4000-4999), configure asterisks in all dimension columns.

▪ For Expense account (6999), configure asterisks in all dimensions. Configure an asterisk and quotes in the customer dimension.

Does the solution meet the goal?

A. Yes

B. No

ANSWER: B

Explanation:

No is correct because the proposed configuration does not enforce the required and optional dimension combinations for the specified main-account ranges. In a Dynamics 365 Finance account structure, an asterisk (`*`) in a segment's allowed-values definition represents any value for that financial dimension. When only an asterisk is supplied for a segment, a value is required in that segment; it does not make the segment optional. Therefore, configuring asterisks for every dimension on the expense and revenue account ranges would require customer, project, department, and division for every posting in those ranges. That fails to preserve the required optionality for the customer dimension on expense accounts and for project and customer dimensions on revenue accounts.

The required result needs account-structure rules that distinguish required segments from optional segments for each main-account range. For a segment that can be blank or can contain any valid dimension value, the allowed-values definition must explicitly include both the wildcard and the blank value. Conversely, account 6999 must require a nonblank customer value, so its customer segment must be configured as required rather than allowing a blank entry. Dynamics 365 Finance account structures validate ledger account and financial-dimension combinations during posting, making this configuration essential for preventing invalid journal postings. See [Configure account structures]() and [Financial dimensions and account structures]().

QUESTION NO: 27

A company is preparing to complete a year-end close process.

You need to configure the Dynamics 365 Finance General ledger module.

Which three configurations must you use? Each correct answer presents part of the solution.

NOTE: Each correct selection is worth one point.

A. Configure the Fiscal year close parameters

B. Configure the ledger calendar for the new fiscal year

C. Set up the year end close template

D. Validate the main account type

E. Create the next fiscal year

ANSWER: A D E

Explanation:

Before a year-end close can be run in Dynamics 365 Finance, the organization must establish the General ledger settings that control how closing transactions are created and ensure accounts are classified correctly. **Configure the Fiscal year close parameters** is required because these parameters define important closing behavior, such as whether detailed or summarized closing transactions are created and how the close is handled. These settings are maintained for each legal entity and directly govern the resulting year-end close entries.

Validate the main account type is also required because Finance uses the main account type to determine whether an account is treated as a balance-sheet account or a profit-and-loss account during closing. Correct classification ensures that profit-and-loss balances are closed appropriately while balance-sheet balances carry forward as intended.

Create the next fiscal year

is necessary because the year-end close transfers balances into the following fiscal year. The destination fiscal year and its periods must therefore exist before closing can produce the opening balances and closing entries for that year. Microsoft describes these setup requirements and the year-end close process at Year-end close and explains fiscal calendar and fiscal-year setup at Fiscal calendars, fiscal years, and periods.

QUESTION NO: 28

You are implementing Dynamics 365 Finance.

You need to enable electronic fund transfers (EFT) for vendors.

Which three steps must you complete? Each correct answer presents part of the solution.

NOTE: Each correct selection is worth one point.

A. Import the X++file format.

B. Import the payment model into the Electronic reporting (ER) repository.

C. Export Electronic reporting (ER) configuration from Lifecycle Services (LCS).

D. Import a new Electronic reporting (ER) configuration into Lifecycle Services (LCS).

E. Enable the EFT format as a method of payment within Accounts payable.

ANSWER: B C E

Explanation:

Vendor EFT processing in Dynamics 365 Finance uses an Electronic reporting (ER) payment format to produce the payment file required by the bank. The required configuration is obtained as an ER asset and made available to the Finance environment. Therefore, exporting the ER configuration from Lifecycle Services (LCS) provides access to the applicable payment-format configuration, while importing the payment model into the Electronic reporting (ER) repository makes the supporting ER model and related configuration available for use in the application. ER configurations consist of models, model mappings, and formats, and their versions can be imported and managed through ER repositories. After the ER format has been made available, it must be enabled and associated with a method of payment in Accounts payable. This association is what allows vendor payment proposals and payment journals to use the EFT format when generating an electronic payment file. The payment method setup also supplies the payment-specific controls used during Accounts payable payment processing. Microsoft documents ER configuration management and repositories at Configure the Electronic reporting framework and explains payment-method setup in Define methods of payment.

QUESTION NO: 29

A customer uses the sales tax functionality in Dynamics 365 Finance.

The customer reports that when a sales order is created, sales tax does not calculate on the line.

You need to determine why sales tax is not calculated.

What are two possible reasons? Each correct answer presents a complete solution.

NOTE: Each correct selection is worth one point.

A. The sales tax group is populated on the line, but the item sales tax group is missing.

B. The sales tax settlement account is not configured correctly.

C. The sales tax authority is not set up for the correct jurisdiction.

D. The sales tax code and item sales tax code are selected, but the sales tax group is not associated to both codes.

E. The sales tax group and item sales tax group are selected, but the sales tax code is not associated with both groups.

ANSWER: A E

Explanation:

Dynamics 365 Finance calculates sales tax on a transaction line by using the intersection of the sales tax group and the item sales tax group. The sales tax group identifies the applicable tax treatment for the customer or transaction, while the item sales tax group identifies the tax treatment for the item. Therefore, if the sales tax group is present on the line but the item sales tax group is missing, Finance has no item-level tax group to use in the intersection and no sales tax is calculated for that line.

Tax calculation also requires a common sales tax code to be assigned to both selected groups. When the sales tax group and item sales tax group are populated but no sales tax code is associated with both groups, the intersection produces no applicable tax code. As a result, the system cannot calculate a sales tax amount, even though both group fields appear to be configured on the order line. Reviewing the groups on the sales order line and confirming that at least one active sales tax code is included in each group is the appropriate way to diagnose this behavior. See Sales tax overview and Set up sales tax groups and item sales tax groups.

QUESTION NO: 30

A company manufactures air filtering units few industrial manufacturing plants.

During the acquisition of one of the components that is used in the unit, an agreement is reached that the $25. 000 component mil be paid for in the following schedule:

• The first payment will be $10,000

• The remaining balance will be distributed equally and due on the 15m of the month for the next three months. You need to configure the system for the payment schedule.

What should you do?

A. Enter $25,000 in the Amount of Transaction Quantity field.

B. Use the Specified allocation method.

C. Set the Fixed allocation method Fixed Amount field to the monthly amount.

D. Specify a fixed quantity payment of 5.

ANSWER: C

Explanation:

Set the Fixed allocation method Fixed Amount field to the monthly amount. The component invoice totals $25,000, with $10,000 payable initially. This leaves a balance of $15,000. Dividing that remaining balance equally across the following three monthly payments produces three payments of $5,000 each. A payment schedule line using a fixed allocation amount supports this requirement because the amount for each scheduled installment is known in advance and does not depend on a percentage calculation or invoice quantity. Configure the installment amount as $5,000, set the number of payments to three, and use a monthly frequency with payment day 15 so that each of the three equal installments is due on the fifteenth of the applicable month. The initial $10,000 payment is represented separately in the payment schedule, while the fixed-amount installment line controls the equal remaining payments. Payment terms and payment schedules are used in Dynamics 365 Finance to define due-date and installment behavior for vendor transactions. See Payment terms in Dynamics 365 Finance and Payment schedules in Dynamics 365 Finance.

QUESTION NO: 31

A client uses the standard trial balance in Dynamics 365 Finance.

The client has the following requirements:

▪ ability to run the trial balance by main account, department, and division ▪ ability to run the trial balance by just main account and department

You need to ensure that these options are visible in the trial balance report parameters.

What should you configure?

A. ledger validation

B. financial dimensions for department and division

C. financial dimension sets

D. account structure

ANSWER: C

Explanation:

Financial dimension sets are correct because they define the exact combinations of financial dimensions that users can select when running financial reports such as the standard trial balance in Dynamics 365 Finance. The client needs two reporting views: one that includes main account, department, and division, and another that includes main account and department only. Creating separate financial dimension sets for these combinations makes each required layout available as a selectable option in the trial balance report parameters.

A financial dimension set is a reporting configuration rather than a transaction-entry validation rule. It specifies which dimensions are included together for inquiry and reporting purposes, and it can be used to provide the appropriate column and grouping context for balances. In this scenario, configure one set containing MainAccount, Department, and Division, and another containing MainAccount and Department. After the sets are defined and available to the legal entity, users can choose the applicable set when they run the trial balance, allowing the same ledger data to be analyzed at either required level of detail.

For Microsoft guidance on defining dimension combinations for reporting, see Financial dimensions and Trial balance.

QUESTION NO: 32

You need to configure the system to meet the fiscal year requirements. What should you do?

A. Add an additional period to ledger calendars.

B. Add an additional fiscal years

C. Divide the twelfth period.

D. Create a new fiscal calendar

E. Create a closing period

ANSWER: D

Explanation:

Create a new fiscal calendar is correct because a fiscal calendar is the foundational Finance configuration used to define an organization's fiscal years, periods, and period lengths. When fiscal-year requirements must be configured, creating the calendar establishes the overall structure that can subsequently be assigned to a ledger. The calendar defines such essentials as the fiscal-year start and end dates, the number and type of accounting periods, and whether the organization uses a standard monthly structure or a different pattern. Finance uses the fiscal calendar to control financial-period status and to organize posting, inquiry, reporting, and year-end processing according to the organization's accounting timetable. After the calendar is created, fiscal years and periods can be generated and maintained within that structure, and the appropriate calendar can be selected for the legal entity's ledger. Microsoft's guidance describes fiscal calendars as the mechanism for organizing fiscal years and periods and explains how they support ledger accounting processes. See Fiscal calendars, fiscal years, and periods and Configure the ledger.

QUESTION NO: 33

You are configuring the basic budgeting for a Dynamics 365 Finance environment.

You need to configure the types of entries allowed.

Which two configurations can you use? Each correct answer presents a complete solution.

NOTE: Each correct selection is worth one point,

A. The budget register entry journals require both Expense and Revenue amount types.

B. Budget register entry line needs a main account and amount to be valid.

C. Budget register entry journals must be allocated across all fiscal periods.

D. Budget register entry lines must select only one account structure.

E. The budget register entries can contain either Expense or Revenue amount types.

ANSWER: D E

Explanation:

Basic budgeting in Dynamics 365 Finance uses budget register entries to record budget amounts against ledger accounts and financial dimensions. A budget register entry is restricted to a single account structure. This ensures that every line in the entry is validated consistently against the same defined combination of main accounts and financial dimensions, and that the entry follows the ledger's account-structure rules. Therefore, "Budget register entry lines must select only one account structure" is a supported configuration rule for controlling the entries that can be recorded.

Budget register entries also use an amount type to identify whether the entry represents an expense budget or a revenue budget. An individual budget register entry can contain either Expense or Revenue amount types, enabling organizations to record and manage those budget categories appropriately. The selection is made for the register entry and governs the nature of budget amounts entered in that entry. These controls help maintain a clear and consistent budgeting process while allowing separate recording of planned expenses and planned revenues. For details, see Basic budgeting overview and Budget register entries.

QUESTION NO: 34

You need to recommend a solution to prevent User3's issue from recurring.

What should you recommend?

A. Configure automatic charge codes.

B. Create a service item.

C. Configure a sales order template.

D. D18912E1457D5D1DDCBD40AB3BF70D5D

ANSWER: A

Explanation:

Configure automatic charge codes. In Dynamics 365 Finance, automatic charges let an organization define charge-code rules that are applied automatically when qualifying sales orders are created or updated. The rules can be based on conditions such as customer accounts or groups, items or item groups, delivery terms, modes of delivery, and order characteristics. This makes recurring charges consistent and removes the need for a user to remember to add the applicable charge manually to each order. Charge codes also identify how the charge is posted, including the relevant ledger posting behavior, so the automatically added amount can be processed correctly through order invoicing. Configure the charge code and its posting setup first, then create the automatic-charge rule that specifies the conditions and amount or calculation method. When an order meets those conditions, Finance applies the configured charge according to the rule. This provides a controlled, repeatable solution for avoiding the same omission in future sales transactions. For configuration details, see Automatic charges and Charge codes in Microsoft Learn.

QUESTION NO: 35

Note: This question is part of a series of questions that present the same scenario. Each question in the series contains a unique solution that might meet the stated goals. Some question sets might have more than one correct solution, while others might not have a correct solution.

After you answer a question in this section, you will NOT be able to return to it. As a result, these questions will not appear in the review screen.

A client has multiple legal entities set up in Dynamics 365 Finance. All companies and data reside in Dynamics 365 Finance.

The client currently uses a separate reporting tool to perform their financial consolidation and eliminations. They want to use Dynamics 365 Finance instead.

You need to configure the system and correctly perform eliminations.

Solution: Select Consolidate with import.

Does the solution meet the goal?

A. Yes

B. No

ANSWER: B

Explanation:

No is correct. Consolidate with import is intended for consolidation scenarios in which source-company balances are brought into the consolidation company through an import process, such as when data originates outside the current Dynamics 365 Finance database. In this scenario, every legal entity and its financial data already reside in Dynamics 365 Finance. Therefore, the appropriate consolidation approach is online consolidation, which accesses the source legal entities directly within the same Finance environment and creates the consolidated balances in the designated consolidation legal entity.

After the balances are consolidated, elimination rules and elimination transactions can be configured and processed in the consolidation company to remove intercompany balances and transactions from the consolidated results. This approach keeps the consolidation and elimination process within Dynamics 365 Finance and uses the legal-entity data already available in the application, without requiring an import-based consolidation process. Microsoft's consolidation guidance distinguishes online consolidation for companies in the same database from import consolidation used when data must be imported. See Consolidation overview and Consolidation and elimination overview.

QUESTION NO: 36 - (SIMULATION)

SIMULATION

You are a functional consultant for Contoso Entertainment System USA (USMF).

USMF recently opened a new bank account in the Brazilian currency.

You need to create a new bank account in the system for the new bank account.

To complete this task, sign in to the Dynamics 365 portal.

ANSWER: See the explanation for the answer

Explanation:

Create the account in the USMF legal entity by going to **Cash and bank management > Bank accounts > Bank accounts**, then select **New**.

Enter the new bank account's required organizational details (bank account ID/code, name, bank-account number, and the posting **Main account**). Set **Currency** to `BRL` (Brazilian real), then save the record.

If those fields are used by the organization, also complete the bank group, routing/SWIFT (BIC), address, and contact information. The account must be associated with a valid main ledger account so bank transactions can post to the general ledger.

Key required configuration for this task: create the USMF bank-account record and select `BRL` as its currency.

QUESTION NO: 37

You are configuring automatic bank reconciliation functionality for a company that has multiple bank accounts, The company wants to import their bank statements.

You need to import electronic bank statements to reconcile the bank accounts.

Which three actions can you perform? Each correct answer presents a complete solution.

NOTE: Each correct selection is worth one point.

A. Select all the bank accounts for the bank statement files, and then upload all files

B. Select Account reconciliation on the bank account form

C. Import bank statements from the Data management workspace

D. Navigate to Import statement on the Bank Statements page of Cash and Bank Management

E. Select Import statement for multiple bank accounts in all legal entities, and then upload a zip file

ANSWER: B D E

Explanation:

Select Account reconciliation on the bank account form because bank accounts must be configured for Advanced bank reconciliation before electronic statements can be processed and reconciled automatically. The Account reconciliation section of the bank account setup contains the Advanced bank reconciliation settings that enable the account to use this functionality and its associated matching rules.

Navigate to Import statement on the Bank Statements page of Cash and Bank Management because this is the standard interactive process for loading an electronic statement for a bank account. The import process uses the configured bank statement format to parse the file and create bank statement information that can then be matched to bank transactions.

Select Import statement for multiple bank accounts in all legal entities, and then upload a zip file because Finance supports a consolidated import scenario for statement files covering multiple bank accounts and legal entities. The zip archive can contain the individual statement files, allowing the system to identify and import each statement into the applicable company and bank account. This supports efficient centralized processing when a company receives statements for many accounts. See Advanced bank reconciliation and Set up Advanced bank reconciliation.

QUESTION NO: 38

You are a finance consultant. Your client needs you to configure cash flow forecasting.

The client wants specific percentages of main accounts to contribute to different cash flow forecasts for other

main accounts.

You need to configure Dynamics 365 for Finance to meet the needs of the client.

What should you do?

A. On the Cash flow forecasting setup form, configure the primary main account to assign a percentage to the dependent account.

B. Configure the parent/child relationship for the main account and subaccounts by using appropriate percentages.

C. Configure the cash flow forecasting setup for Accounts Payable before you configure vendor posting profiles.

D. On the Cash flow forecasting setup form, use the Dependent Accounts setup to specify which account and percentage is associated to the main account.

ANSWER: D

Explanation:

On the Cash flow forecasting setup form, use the Dependent Accounts setup to specify which account and percentage is associated to the main account. This setup is designed for cases where activity posted to one main account should affect the cash-flow forecast for one or more related accounts. For each dependent account, you define the associated main account and the percentage of the source account's forecast amount that should be included. Dynamics 365 Finance then uses that relationship when it calculates cash-flow forecast amounts, allowing the forecast to reflect expected allocations or related cash movements without changing the underlying accounting entries.

This is particularly useful when a main account represents an amount that is expected to generate cash effects across several forecast categories. The percentage value provides the required level of control: the configured portion of the main account's amount is incorporated into the forecast for the dependent account. The relationship is therefore configured directly in cash-flow forecasting setup rather than through the chart-of-accounts hierarchy or posting-profile configuration. Microsoft documents dependent accounts as part of configuring cash-flow forecasting and describes using them to distribute forecast amounts by percentage. See Cash flow forecasting and Configure cash flow forecasting.

QUESTION NO: 39

A customer uses bank reconciliation functionality In Dynamics 365 Finance.

The customer finds a transaction in a closed fiscal period that must be corrected.

You need to correct the transaction.

How should you nuke this correction?

A. Use the Correction amount field.

B. Open the fiscal period.

C. Create a new line for the transaction in the closed period.

D. Create a new line for the transaction in an open period

ANSWER: A

Explanation:

Use the **Correction amount** field. In Dynamics 365 Finance, a bank transaction can require a correction after the original transaction has been reconciled or belongs to a period that is no longer available for normal posting. The Correction amount field is intended to record the amount needed to adjust the bank transaction while retaining the original transaction and its historical context. This approach supports an auditable correction process: the source transaction remains visible, and the correction is represented separately rather than overwriting the original accounting history.

Using a correction amount also aligns with standard financial-control practice for closed periods. Closed periods should retain their reported balances and transaction history; corrections should be explicitly tracked and posted through the supported correction process so that users can identify both the original entry and the adjustment. The bank reconciliation process can then reflect the corrected bank activity without requiring normal edits to historical transactions. For background on bank-account reconciliation processes and managing accounting periods in Finance, see Reconcile bank accounts and Manage accounting periods.

QUESTION NO: 40

An organization is setting up a cost accounting.

You need to set up fiscal calendars for Dynamics 365 Finance.

What are three uses for fiscal calendars? Each correct answer presents a complete solution.

NOTE: Each correct selection is worth one point.

A. standard work hours

B. financial transactions

C. fixed asset depreciation

D. budget cycles

E. shift work hours

ANSWER: B C D

Explanation:

Fiscal calendars define fiscal years, periods, and period boundaries that Dynamics 365 Finance uses to organize and control accounting activity. **financial transactions** is correct because ledger posting and period-close processes rely on fiscal periods to determine when transactions are recorded and whether the relevant period is open for posting. This provides the time structure required for financial reporting and operational accounting.

fixed asset depreciation is correct because depreciation is calculated and posted for defined accounting periods. Depreciation books can use fiscal calendars to establish the periods over which depreciation proposals are generated and posted, supporting consistent period-based asset accounting.

budget cycles is correct because budget planning and budget control are tied to fiscal-year and fiscal-period structures. A fiscal calendar provides the date framework for planning periods, budget allocations, and monitoring spending against budgeted amounts during the applicable fiscal year.

Fiscal calendars can be created and associated with legal entities and other Finance features, ensuring that transaction processing, asset accounting, and budgeting use a consistent accounting timeline. For more information, see Fiscal calendars, fiscal years, and periods and Fixed asset depreciation.

QUESTION NO: 41

You work as a Finance Manager for a public sector company. The company uses Microsoft Dynamics 365 Finance.

You need to configure fund types.

Which three of the following fund types fall under the Governmental Funds fund class? (Choose three)

A. General fund

B. Trust funds

C. Capital project funds

D. Enterprise funds

E. Debt service funds

ANSWER: A C E

Explanation:

Governmental Funds includes **General fund**, **Capital project funds**, and **Debt service funds**. In Dynamics 365 Finance public-sector fund accounting, the fund class identifies the accounting and reporting category to which a fund belongs. These selections align with the governmental-fund model used by state and local governments and with the fund types available when defining a fund in Finance.

The General fund is the primary operating fund used to account for financial resources that are not required to be recorded in another fund. Capital project funds are governmental funds used to track resources restricted, committed, or assigned for acquiring or constructing major capital facilities and other capital assets. Debt service funds are governmental funds used to accumulate resources for, and record payment of, general long-term debt principal and interest.

Correctly associating each fund type with the Governmental Funds class supports appropriate public-sector fund setup, transaction processing, and financial reporting in Dynamics 365 Finance. Microsoft's public-sector documentation describes how funds and fund classes are configured and used in the application. See Public sector fund accounting in Dynamics 365 Finance and Set up funds.

QUESTION NO: 42

You need to set up financial reports to meet management requirements. What should you do? Each correct answer presents part of the solution.

NOTE: Each correct selection is worth one point.

A. Set up a report schedule to generate a report on a monthly basis for a reporting group.

B. Set up a report schedule to generate an individual report on a monthly basis.

C. Set up a reporting tree definition.

D. Create a report group.

ANSWER: A B

Explanation:

Set up a report schedule to generate a report on a monthly basis for a reporting group and set up a report schedule to generate an individual report on a monthly basis. Dynamics 365 Finance financial reporting supports scheduling reports so that generated reports are available at a defined recurrence, including monthly. A schedule can be created for either an individual financial report or a report group. This allows management reporting to be automated in the format that best fits the distribution requirement: an individual report can be generated on its own, while a reporting group can generate multiple related reports as a single scheduled process. The schedule configuration also supports selecting the reporting period and setting the recurrence, helping ensure that management receives reports consistently after each month-end cycle. Financial reports and their schedules are managed from the Financial reports page in General ledger. Microsoft describes report groups as a way to organize multiple reports and confirms that scheduled financial reports can be generated for a report or report group. See Financial reporting in Dynamics 365 Finance and Financial reporting overview.

QUESTION NO: 43

You are a Dynamics 365 Finance expert for an organization.

You need to configure the Financial period close workspace.

Which three configuration processes should you use? Each correct answer presents a part of the solution.

NOTE: Each correct selection is worth one point,

A. Create templates that contain the required tasks within the closing process and assign to closing role.

B. Create a separate closing schedule for every legal entity.

C. Assign a ledger calendar to the closing process.

D. Create task areas and descriptions.

E. Designate resources and their scope based on closing roles.

ANSWER: A D E

Explanation:

The Financial period close workspace is configured around a repeatable, role-based closing process. “Create templates that contain the required tasks within the closing process and assign to closing role.” is required because a closing template defines the individual activities to be completed, such as posting journals, running allocations, or completing reconciliation work. Each task is assigned to the closing role responsible for its completion, enabling clear accountability and task tracking.

“Create task areas and descriptions.” is also required. Task areas organize close activities into logical functional groups, making the workspace easier to manage and allowing users to focus on the portion of the close process relevant to their responsibilities. Descriptions provide the operational context needed to complete each task consistently.

“Designate resources and their scope based on closing roles.

” is required because users must be assigned to the relevant closing roles and, where applicable, given the appropriate company scope. These assignments determine who can view, update, and complete the tasks associated with each role in the financial close schedule. Together, task areas, task templates, and role/resource assignments establish the structure, ownership, and execution model for the close process. See Financial period close workspace and Configure the financial period close workspace.

QUESTION NO: 44

You are setting up the yearly budget for an organization for the year 2019.

You need to set up the budget register entries.

Which two fields must be set up when creating register entries? Each correct answer presents part of the solution.

NOTE: Each correct selection is worth one point.

A. Budget cycle

B. Budget manager

C. Budget code

D. Budget model

ANSWER: C D

Explanation:

Budget code and Budget model are required header values when a budget register entry is created. The Budget model identifies the budget data set in which the amounts will be stored. Organizations can maintain multiple models, such as an original approved budget, revised budget, or forecast, so selecting the model ensures that each entry updates the intended version of budget data. The Budget code identifies the type and purpose of the budget transaction, such as an original budget entry, transfer, revision, or carry-forward. Budget codes are configured with an entry type and are used to classify budget register entries consistently for processing and reporting. After these header values are selected, budget account entries can be added with the applicable financial dimensions and amounts. For a yearly budgeting process, the fiscal period represented by the entry amounts is also recorded in the budget account entry details, while the Budget model and Budget code establish the essential context for the register entry itself. Microsoft describes budget register entries as the mechanism used to enter budget amounts and explains the role of budget models and budget codes in budget planning and basic budgeting configuration. See Basic budgeting configuration and Budget register entries.

QUESTION NO: 45

You are configuring Dynamics 365 for Finance and Operations,

You need to implement posting definitions for all available transaction types.

For which type of transactions can you implement posting definitions?

A. Accounts payable, Bank. Budget Fixed assets, and Payroll

B. Accounts payable, Accounts receivable, Budget, and Fixed, assets

C. Accounts payable, Accounts receivable, Fixed assets, Payroll, and Purchasing

D. Accounts payable, Accounts receivable. Bank. Budget, Payroll, and Purchasing

ANSWER: D

Explanation:

Posting definitions can be implemented for Accounts payable, Accounts receivable, Bank, Budget, Payroll, and Purchasing transactions. In Dynamics 365 Finance, a posting definition controls how accounting entries are generated for a supported source transaction. It can evaluate transaction attributes and apply rules that select the appropriate main accounts and financial dimensions, providing a flexible alternative to relying solely on standard posting-profile account selections. The posting-definition setup process begins by selecting a supported transaction type; the available types include the financial subledgers and processes named in this answer, including bank, budget, payroll, and purchasing transactions. A posting definition is then associated with a posting-definition group and assigned to the relevant process so that eligible transactions use the defined accounting rules when they are posted. This enables organizations to implement rule-based account determination consistently while retaining the detailed accounting context required for each transaction. Microsoft's setup guidance describes selecting the transaction type and defining the posting rules in the posting-definition configuration process. See Set up posting definitions and Ledger posting setup.

QUESTION NO: 46

Your role of Systems Administrator includes the management of your company's Microsoft Dynamics 365 Finance system.

The Finance Manager asks you to create a custom financial report. You plan to use Report Designer to configure the report.

You need to identify the report components and their purposes.

Which component defines the period to use when data is extracted from the financial dimensions?

A. Row definition

B. Column definition

C. Reporting tree definition

D. Report definition

ANSWER: B

Explanation:

Column definition is correct because it controls the financial period and time-based data selection that is displayed in a Financial reporting report. In Report Designer, each column can be configured with a column type, a fiscal year, a period or period range, and related settings such as whether the column displays actual, budget, or variance information. When the report is generated, these column settings determine which accounting periods are used to retrieve ledger balances and transactions associated with the report's financial dimension criteria.

This design allows a single report layout to present multiple time perspectives side by side. For example, separate columns can retrieve current-period actuals, year-to-date actuals, and comparable values for a prior period, while using the same row structure. The row definition supplies the accounts and dimension criteria to include, whereas the column definition supplies the period context for the retrieved values. Microsoft describes column definitions as the report building block used to define the columns and the type and period of financial data displayed. See Financial reporting overview in Dynamics 365 Finance and Getting started with financial reporting.

QUESTION NO: 47

An organization has several legal entities. One legal entity receives customer payments on behalf of the other legal entities.

The organization must apply the payment to invoices that belong to the other legal entities.

You need to configure the payment process.

What should you configure?

A. Centralized payments

B. Financial consolidation

C. Financial eliminations

D. Intercompany budget control

ANSWER: A

Explanation:

Configure **centralized payments**. Centralized payments allow one legal entity to process customer payments on behalf of other legal entities and settle invoices that belong to those entities. The process creates the required intercompany accounting entries so that the receiving company and the company that owns the customer invoice are accounted for correctly.

Intercompany accounting supports automatic accounting entries between legal entities, but it does not by itself enable centralized customer-payment processing. Consolidation combines balances for reporting, and financial eliminations remove qualifying intercompany balances from consolidated results. For more information, see Centralized payments.