Exam Code: MB-310
Exam Name: Microsoft Dynamics 365 for Finance and Operations, Financials

02 - Set up and configure financial management

Case study

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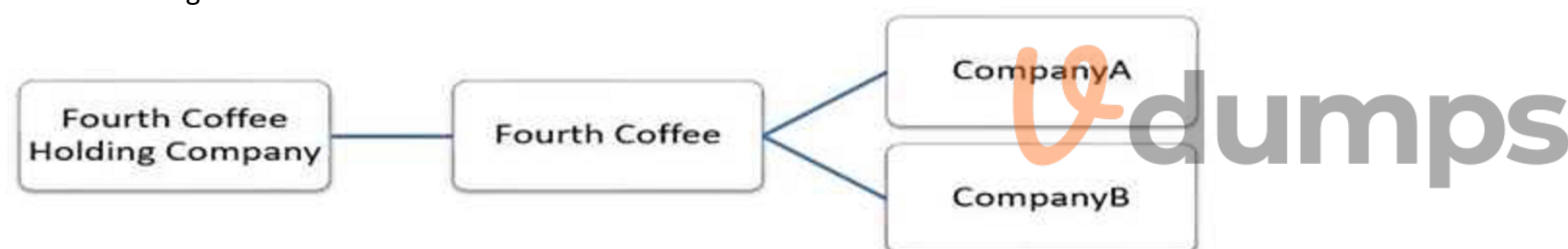
Background

Fourth Coffee is a coffee and supplies manufacturer based in Seattle. The company recently purchased CompanyA, based in the United States, and CompanyB, based in Canada, in order to increase production of their award-winning espresso machine and distribution of their dark roast coffee beans, respectively.

Fourth Coffee has set up CompanyA and CompanyB in their Dynamics 365 Finance and Operations environment to gain better visibility into the companies' profitability. CompanyA and CompanyB will continue to operate as subsidiaries of

Fourth Coffee, but all operational companies will be consolidated under Fourth Coffee Holding Company in US dollars (USD) for reporting purposes.

The current organizational chart is shown below:

Current environment

Systemwide setup

Dynamics 365 Finance in Microsoft Azure is used to manage the supply chain, retail, and financials.

All companies share a Chart of Accounts.

Two dimensions are used: Department and Division.

Budgeting is controlled at the department level.

Customers and vendors are defined as two groups: Domestic and International.

Mandatory credit check is set to No.

Consolidate online is used for the consolidation of all companies.

International main accounts are subject to foreign currency revaluation.

The purchasing budget is used to enforce purchasing limits.

General ledger accounts

Account numbers	Account description
1200	Domestic Accounts Receivable (USD)
1201	International Accounts Receivable (Canadian dollars [CAD])
2000	Domestic Accounts Payable (USD)
2001	International Accounts Payable (CAD)

Fourth Coffee

The base currency is USD.

Three item groups are used: coffee, supplies, and nonstock.

The standard sales tax method is used.

Acquiring fixed assets requires a purchase order.

All customer payment journals require a deposit slip.

CustomerX is a taxable company.

CustomerY is a tax-exempt company.

CustomerZ is a taxable company.

VendorA is a Colombian supplier of coffee beans and belongs to the international vendor group.

VendorB is a Peruvian supplier of coffee machine filters and belongs to the international vendor group.

VendorC is a Texas supplier of espresso valves and belongs to the domestic vendor group.

CompanyA

The base currency is USD.

It consists of a marketing department and a digital division.

A 4-5-4 calendar structure is used.

The standard sales tax method is used.

CompanyB

The base currency is CAD.

The conditional sales tax method is used.

Requirements

Reporting

A consolidated Fourth Coffee financial report is required in USD currency.

Fourth Coffee and its subsidiaries need to be able to report sales by item type.

Year-end adjustments need to be reported separately in a different period to view financial reporting inclusive and exclusive of year-end adjustments.

Issues

User1 observes that a General journal was used in error to post to the Domestic Accounts Receivable trade account.

User2 has to repeatedly reclassify vendor invoice journals in Fourth Coffee Company that are posted to the marketing department and digital division.

When User3 posts an Accounts receivable payment journal, a deposit slip is not generated.

User4 observes an increase in procurement department expenses for supplies.

User5 observes that sales tax is not calculating on a sales order for CustomerZ.

User6 observes that sales tax is calculating for CustomerY.

User7 observes that the sales tax payment report is excluding posted invoice transactions.

User8 in CompanyA attempts to set up the sales tax receivable account on the sales tax posting form.

User9 in CompanyA needs to purchase three tablets by using a purchase order and record the devices as fixed assets.

CustomerX requires a credit check when making a purchase and is currently at their credit limit.

QUESTION 1

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.

Correct Answer: C, D, E
Section:
Explanation:
Reference: https://docs.microsoft.com/en-us/dynamics365/finance/general-ledger/indirect-taxes-overview

QUESTION 2
You need to troubleshoot the reporting issue for User7.
Why are some transactions being excluded?

A. User7 is running the report in CompanyB.

B. User7 is running the report in CompanyA.

C. The report is correctly excluding CustomerY transactions.

D. The report is correctly excluding CustomerZ transactions.

Correct Answer: C
Section:

QUESTION 3
You need to configure settings to resolve User8's issue.
What should you select?

A. a main account in the sales tax payable field

B. a main account in the settlement account field

C. the Conditional sales tax checkbox

D. the Standard sales tax checkbox

Correct Answer: B
Section:

QUESTION 4
You need to view the results of Fourth Coffee Holding Company's consolidation.
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

Correct Answer: B, D, E
Section:

QUESTION 5
You need to configure the system to resolve User8's issue.
What should you select?

A. the Standard sales tax checkbox

B. the Conditional sales tax checkbox

C. a main account in the settlement account field

D. a main account in the sales tax payable field

Correct Answer: C
Section:

QUESTION 6
HOTSPOT
You need to configure settings to resolve User1's issue.
Which settings should you use? To answer, select the appropriate options in the answer area.
NOTE: Each correct selection is worth one point.

Hot Area:

Answer Area

Requirement	Setting
Establish account 1200 as a system-generated trade account.	▼
	Do not allow manual entry
	Balance control
	Posting type – vendor balance
Ensure account 1201 reflects currency exposure.	▼
	Foreign currency revaluation
	Exchange rate type
	Balance control

Answer Area:

Answer Area

Requirement	Setting
Establish account 1200 as a system-generated trade account.	▼
	Do not allow manual entry
	Balance control
	Posting type – vendor balance
Ensure account 1201 reflects currency exposure.	▼
	Foreign currency revaluation
	Exchange rate type
	Balance control

Section:
Explanation:

QUESTION 7
DRAG DROP
You need to assist User3 with generating a deposit slip to meet Fourth Coffee's requirement.
Which five actions should you perform in sequence? To answer, move the appropriate actions from the list of actions to the answer area and arrange them in the correct order.
NOTE: More than one order of answer choices is correct. You will receive credit for any of the correct orders you select.

Select and Place:

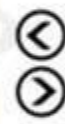| Actions	Answer Area
Select the **use a deposit slip** check box.	
Enter a transaction type.	
Select **manage deposits** on the bank account form.	
Enter the journal line with account and offset account and payment reference.	
Select **Deposit slip** from the functions menu and select **ok**.	
Post the journal.	

Correct Answer:

Actions

Select **manage deposits** on the bank account form.

Answer Area

Enter the journal line with account and offset account and payment reference.
Select the **use a deposit slip** check box.
Enter a transaction type.
Post the journal.
Select **Deposit slip** from the functions menu and select **ok**.

Section:
Explanation:
Reference:
https://docs.microsoft.com/en-us/dynamicsax-2012/appuser-itpro/create-a-deposit-slip

QUESTION 8
HOTSPOT
The posting configuration for a purchase order is shown as follows:

Posting

Sales order   **Purchase order**   Inventory   Production   Standard cost variance

Select

☐ Cost of purchased materials received

√	Item code	Item relation	Category relation	Account code	Account relation	Main account
	Group ∨	Coffee ∨		All ∨		200190 ∨
	All			Table	VendorB	200180
	All			All		200140

☐ Purchase expenditure, un-invoiced

☐ Cost of purchased materials invoiced

☐ Purchase expenditure for product

☐ Discount

☐ Fixed receipt price profit

☐ Fixed receipt price loss

☐ Fixed receipt price offset

☐ Charge

☐ Stock variation

☑ Purchase, accrual

Use the drop-down menus to select the answer choice that answers each question based on the information presented in the graphic.
NOTE: Each correct selection is worth one point.

Hot Area:
Answer Area

When Fourth Coffee receives espresso valves from VendorC, to which account is the purchase accrual posted?

▼
200140
200170
200180
200190

When Fourth Coffee receives filters from VendorB, to which account is the purchase accrual posted?

▼
200140
200170
200180
200190

Answer Area:

Answer Area

When Fourth Coffee receives espresso valves from VendorC, to which account is the purchase accrual posted?

▼
200140
200170
200180
200190

When Fourth Coffee receives filters from VendorB, to which account is the purchase accrual posted?

▼
200140
200170
200180
200190

Section:
Explanation:

QUESTION 9
HOTSPOT
You need to prevent a reoccurrence of User2's issue.
How should you configure the system? To answer, select the appropriate options in the answer area.
NOTE: Each correct selection is worth one point.

Hot Area:

Answer Area

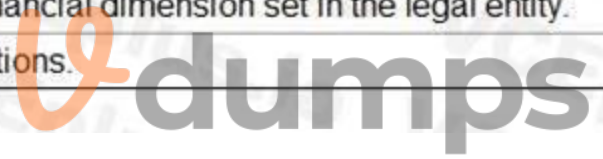| Requirement	Configuration
Configure valid dimensions for Fourth Coffee.	▼
	Set up account structure excluding the marketing department and digital division.
	Set up financial dimension set excluding the marketing department and digital division.
	Set up account structure including the marketing department and digital division.
	Set up financial dimension set including the marketing department and digital division.
Configure valid dimensions for CompanyA.	▼
	Set up account structure excluding the marketing department and digital division.
	Set up financial dimension set excluding the marketing department and digital division.
	Set up account structure including the marketing department and digital division.
	Set up financial dimension set including the marketing department and digital division.
Assign valid dimensions.	▼
	Assign relevant account structure to the legal entity ledger.
	Configure relevant financial dimension set in the legal entity.
	Set up posting definitions.

Answer Area:

Answer Area

Requirement	Configuration
Configure valid dimensions for Fourth Coffee.	▼

Set up account structure excluding the marketing department and digital division.
Set up financial dimension set excluding the marketing department and digital division.
Set up account structure including the marketing department and digital division.
Set up financial dimension set including the marketing department and digital division.

| Configure valid dimensions for CompanyA. | ▼ |

Set up account structure excluding the marketing department and digital division.
Set up financial dimension set excluding the marketing department and digital division.
Set up account structure including the marketing department and digital division.
Set up financial dimension set including the marketing department and digital division.

| Assign valid dimensions. | ▼ |

Assign relevant account structure to the legal entity ledger.
Configure relevant financial dimension set in the legal entity.
Set up posting definitions.

Section:
Explanation:

03 - Set up and configure financial management
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Background

Munson's Pickles and Preserves Farm grows and distributes produce, jellies, and jams. The company's corporate headquarters is located in Dallas, TX. Munson's has one operations center and seven regional distribution centers in the United
States.

The company has two wholly owned subsidiaries that operate in Canada. The Canadian entity owns an entity in France.

Munson's plans to expand into Latin America by purchasing the last 25 percent of a subsidiary that they own in Costa Rica. This process is expected to complete within the next two years.

The company plans to implement Dynamics 365 Finance and Dynamics 365 Supply Chain to meet their growing business needs.

Current environment. General

Munson's uses a mix of internally-developed legacy systems that handle their finance and distribution activities. The company has an isolated CRM system.

Both Canadian subsidiaries have two departments: marketing and operations.

Financial reporting is difficult due to data residing in disparate systems.

Financial reporting is currently performed by using Microsoft Excel.

Pre-orders in the current system are difficult to track because the order management system is not integrated with the finance system.

Pickle sales post to one revenue account, but this does not allow for targeted reporting by pickle cut and type.

Current environment. Organization

The following chart shows Accounting/Reporting Currencies and Tax ID, if applicable.

Typically, vendor invoices are received prior to receipt of product.

The following fixed assets are sold for a loss:

BUILD-100

At the regional distribution centers, the value for physical inventory does not match the inventory in the financial system.

Munson's rents their corporate office. Rent is not paid by purchase order. Rent is due once a quarter.

Allocations are performed manually.

Barrels are inventoried by site and warehouse.

Munson's has multiple depreciation and tax books for all of their fixed asset equipment.

Budgets are posted at the department level for each legal entity.

Requirements. Sales

Customers should be able to pre-order for fall release of pickles.

Three-way matching must be enforced for all purchases.

Fixed asset sale transactions require a ledger account entered at the time of transaction.

Fixed assets purchased must be automatically created in fixed asset module. This includes inventory items and write in purchase orders/non-inventoried items.

One dollar from every sale needs must be tracked and donated at the end of each month to a charitable organization.

Purchasing budgets must be enforced at the main account level.

Requirements. Finances

Accounts payable must be able to enter vendor invoices on the day they were received to be settled against when product is received.

Accounts payable must be able to enter vendor invoices to accrue expense without specifying a purchase order at the time of entry.

Postage expenses must be split evenly across the regional distribution centers automatically.

Administrative expenses must be distributed across the regional distribution centers by percentage of fulfillment orders monthly.

Pickling machines depreciation must be uniquely recorded for visibility but not post to the ledger.

Issues

During implementation testing, User1 indicates that after packing slips are generated for purchase orders, there are no ledger postings.

User2 indicates that fixed assets purchased on a purchase order do not show up in the Fixed Assets module.

User3 reports that they are seeing inconsistent application of the one-dollar donation from all sales orders.

User4 in the Canadian subsidiary is able to purchase supplies for marketing despite exceeding the marketing department budget.

User5 reports that when purchasing a non-inventoried computer, the system is automatically assigning it to the buildings fixed asset group.

QUESTION 1
You need to configure system functionality for pickle type reporting.
What should you use?

A. item model groups

B. item groups

C. procurement category hierarchies

D. financial dimensions

E. procurement categories

Correct Answer: B
Section:

QUESTION 2
You need to configure the regional distribution centers.
Which three actions should you perform? Each correct answer presents part of the solution.
NOTE: Each correct selection is worth one point.

A. Configure a site

B. Associate the financial dimension to the site

C. Configure a financial dimension

D. Configure a legal entity

E. Associate the legal entity to the site

Correct Answer: A, B, C
Section:
Explanation:
Reference: https://exploredynamics365.home.blog/2020/10/05/ledger-allocations-in-microsoft-dynamics-365-finance-and-operations-part-1/ .

QUESTION 3
HOTSPOT
You need to determine the root cause for User1's issue.
Which configuration options should you check? To answer, select the appropriate options in the answer area.
NOTE: Each correct selection is worth one point.

Hot Area:

Answer Area

Item purchased	Configuration option
Computer	▼
	Item groups
	Procurement categories
	Purchasing policies
	Item model groups
Barrels	▼
	Item groups
	Purchasing policies
	Item model groups

Answer Area:

Answer Area

Item purchased	Configuration option
Computer	▼
	Item groups
	Procurement categories
	Purchasing policies
	Item model groups
Barrels	▼
	Item groups
	Purchasing policies
	Item model groups

Section:
Explanation:

QUESTION 4

DRAG DROP

You need to process expense allocations.

Which features should you use? To answer, drag the appropriate features to the correct requirements. Each feature may be used once, more than once, or not at all. You may need to drag the split bar between panes or scroll to view content.

NOTE: Each correct selection is worth one point.

Select and Place:

Features		Answer Area	
Main account allocations		**Requirement**	**Feature**
Ledger allocation rules		Process postage expenses.	Feature
Accounting distributes		Process admin expenses.	Feature

Correct Answer:

Features		Answer Area	
Main account allocations		**Requirement**	**Feature**
Ledger allocation rules		Process postage expenses.	Ledger allocation rules
Accounting distributes		Process admin expenses.	Ledger allocation rules

Section:
Explanation:
Reference:

04 - Set up and configure financial management

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Background

Alpine Ski House has three partially owned franchises and 10 fully owned resorts throughout the United States and Canada. Alpine Ski House's percentage ownership of the franchises is between two and 10 percent.

Alpine Ski House is undergoing an implementation of Dynamics 365 Finance and Dynamics 365 Supply Chain Management to transform their financial management and logistics capabilities across the franchises. Implementation is complete for Alpine Ski House's corporate offices, two US franchises, and one Canadian franchise. The remaining franchises are in varying stages of the implementation. Two new resort projects are in the budget planning stages and will open in the next fiscal year.

Current environment

Organization and general ledger

Each franchise is set up as a legal entity in Dynamics 365 Finance.

Alpine Ski House Corporate uses financial dimensions for their fully owned resorts.

Each resort is a financial dimension named resort.

Each fully owned resort has two divisions: marketing and operations.

Only Profit and Loss account postings require the division dimension.

Corporate handles the advertising and administration of the fully owned resorts.

Corporate uses Dynamics 365 Project Management and Accounting to manage construction of new resorts.

Budgeting

Organizational budgeting is decentralized but rolls up to one organizational corporate budget.

Each resort manager performs budgeting in Dynamics 365 Finance.

Budget preparation begins this month. All operational resorts will submit their budgets in two weeks.

Sales and tax

Sales tax is configured and used by all resorts that operate in the United States.

You configure one US sales tax vendor account and assign the vendor account to the settlement periods for reporting.

You use accounts receivable charges to track donations.

Existing purchasing contracts

Each franchise resort has an individual contract with a local supplier of their choosing to purchase at least $10,000 worth of suppliers during the calendar year.

The franchise resorts in one US state receive a two percent discount on meat and vegetable purchases in excess of $8,000 per year.

A franchise resort in Utah has agreed to purchase 1,000 units of beef at market price from a local supplier.

Alpine Ski House uses a vendor collaboration portal to track purchase orders and requests for quotes.

Vendors request access to the vendor collaboration portal by using a workflow which runs on a nightly schedule.

Intercompany setup

Vendor123 resides in US franchise Company1 and is set up for intercompany transactions. Customer345 resides in Canada franchise Company1 and is set up for intercompany transactions.

Requirements

Franchises

Each franchise must pay two percent of monthly sales to Alpine Ski House Corporate.

Each franchise must report their own financials to Alpine Ski House Corporate monthly.

US franchises require a three-way-match on all purchases, with a 1-percent price tolerance.

Canadian franchises require a three-way-match on all purchases except paper products, which have a 10-percent price tolerance.

Corporate

Advertising costs must be balanced across the 10 resorts monthly. These costs must be split across the 12 resorts once construction of the final two resorts is completed.

Administration costs must be split across the 10 resorts proportional to the amount of sales generated.

One percent of all pack and individual ski pass sales must be donated quarterly to an environmental protection organization.

The finance department must be able to see purchasing contracts and discounts for vendors based on volume spend.

Employees

All employee expense reports that contain the word entertainment must be reviewed for audit purposes. If a journal is posted incorrectly, the entire journal and not just the incorrect line must be fully reversed for

audit purposes.
Resorts
All resorts must use Dynamics 365 Finance for budgeting and must first be approved by the regional manager. Purchased fixed assets must automatically be acquired at product receipt.
Issues
User1 reports that irrelevant dimensions display in the drop down when entering a General journal.
User2 reports that dimension 00 is being used for all balance sheet accounts.
User3 tries to generate the quarterly sales tax liability payment for a specific state but does not see any payables available for that state's vendor.
User4 receives a call from a vendor who cannot access the vendor collaboration portal but needs immediate access.
User5 notices a large amount of entertainment expenses being posted without an audit review.
User6 needs to have visibility into the increase in budget that is necessary to staff the two new resorts opening next year.
User7 needs to use Dynamics 365 Finance for situational budgeting planning with the ability to increase and decrease the existing plans by certain percentages.
User8 made a mistake while posting a 1,000-line journal and reverses the entire journal but cannot find the lines that included errors during the reversal.
User9 made a mistake while posting a 55-line journal and reverses the entire journal.
User10 realizes that the purchase of five new computers did not acquire five new fixed assets upon receipt.

QUESTION 1
You need to adjust the sales tax configuration to resolve the issue for User3.
What should you do?

A. Create multiple settlement periods and assign them to the US tax vendor.

B. Create multiple sales tax remittance vendors and assign them to the settlement period.

C. Run the payment proposal to generate the sales tax liability payments.

D. Create a state-specific settlement period and assign the US tax vendor to the settlement period.

Correct Answer: D
Section:

QUESTION 2
You need to determine the cause of the issue that User1 reports.
What are two possible causes for the issue? Each correct answer presents part of the solution.
NOTE: Each correct selection is worth one point.

A. The account structure is in draft status.

B. The financial dimensions were created in the incorrect legal entity.

C. User1's security is incorrectly set up.

D. The account structure has an asterisk for all dimensions.

E. The account structure has quotations for all dimensions.

Correct Answer: D, E
Section:
Explanation:
Reference: https://docs.microsoft.com/en-us/dynamics365/finance/general-ledger/configure-account-structures

QUESTION 3
DRAG DROP
You need to configure ledger allocations to meet the requirements.

What should you configure? To answer, drag the appropriate setups to the correct requirements. Each setup may be used once, more than once, or not at all. You may need to drag the split bar between panes or scroll to view content.
NOTE: Each correct selection is worth one point.

Select and Place:

Options		Answer Area	
Fixed percentage	Basis	**Requirement**	**Option**
Equally	Fixed weight	Advertising expenses	Option
		Administration expenses	Option

Correct Answer:

Options		Answer Area	
Fixed percentage		**Requirement**	**Option**
	Fixed weight	Advertising expenses	Equally
		Administration expenses	Basis

Section:
Explanation:
Reference:
https://docs.microsoft.com/en-us/dynamics365/finance/general-ledger/ledger-allocation-rules

01 - Implement accounts receivable, credit, collections, and revenue recognition

QUESTION 1
A client uses Dynamics 365 Finance for accounts receivable.
You need to configure the method of payment to enforce the accounts receivable clerk to enter the wire number for the received electronic payment.
Which item should you set up as mandatory?

A. Select bank transaction type
B. Select payment reference
C. Select Payment ID
D. Select Deposit slip

Correct Answer: B
Section:

QUESTION 2
A company has many customers who are not paying invoices on time.

You need to use the collection letter functionality to manage customer delinquencies.
What are two possible ways to achieve the goal? Each correct answer presents part of the solution.
NOTE: Each correct selection is worth one point.

A. Cancel the collection letters after they are created and posted.

B. Print all of the collection letters.

C. Delete the collection letters after posting when an error occurs.

D. Post the collection letters.

Correct Answer: B, D
Section:
Explanation:
Reference: http://d365tour.com/en/microsoft-dynamics-d365o/finance-d365fo-en/collection-letters/

QUESTION 3
A company plans to allocate revenue across occurrences by using recognition basis.
Which recognition basis can you use?

A. Mid-month split

B. first of month

C. Monthly by dates

D. Monthly

Correct Answer: D
Section:
Explanation:
Reference:
https://docs.microsoft.com/en-us/dynamics365/finance/accounts-receivable/revenue-recognition-setup

QUESTION 4
SIMULATION
You are a functional consultant for Contoso Entertainment System USA (USMF).
You plan to run several reports in USMF that list all the write-off transactions.
You need to replace the write-off reason used by the system for USMF to use a reason of "Bad debts.
To complete this task, sign in to the Dynamics 365 portal.

A.

Correct Answer: A
Section:
Explanation:
Answer: A
Explanation:

You need to add a write-off reason for USMF and set it as the default.
Go to Navigation pane > Modules > Credit and collections > Setup > Accounts receivable parameters.
Click the Collections tab.

Click the Edit icon in the Write-Off section.
Add a new Write-Off reason if it doesn't exist.
Tick the "Default" checkbox next to the new Write-Off reason.
Click the Save button to save the changes.

QUESTION 5
DRAG DROP
A client observes that some customers are late paying their invoices. The client wants to use the Credit and Collections functionality to send collection letters to customers.
You need to configure the system to support collection letter functionality and processing.
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.

Select and Place:

Actions	Answer Area
Post the collection letter	
Link the collection letter sequence to the customer posting profile	
Set up the Form Notes in the Credit and collections module	
Define the collection letter sequence	
Generate the collection letter	

Correct Answer:

Actions	Answer Area
	Set up the Form Notes in the Credit and collections module
	Define the collection letter sequence
	Link the collection letter sequence to the customer posting profile
	Generate the collection letter
	Post the collection letter

Section:
Explanation:
References:
http://d365tour.com/en/microsoft-dynamics-d365o/finance-d365fo-en/collection-letters/

QUESTION 6
HOTSPOT
A company sells goods to a customer. You enter an invoice for the customer on June 25. The invoice is eligible for a cash discount of two percent if it is paid in five days, and a discount of one percent if it paid in 14 days.
You need to create a payment journal when the invoices are settled on specific dates.
Which setup options should you use? To answer, select the appropriate options in the answer area.
NOTE: Each correct selection is worth one point.

Hot Area:

Answer Area

Payment date	Settlement amount
June 29	The payment for invoice TH10 is $1.000.00. No cash discount is taken ▼
	The payment for invoice TH10 is $1.000.00. No cash discount is taken
	The payment for invoice TH10 is $980.00. A cash discount of 2 percent is taken
	The payment for invoice TH10 is $990.00. A cash discount of 1 percent is taken
July 1	▼
	The payment for invoice TH10 is $990.00. A cash discount of 1 percent is taken
	The payment for invoice TH10 is $1.000.00. No cash discount is taken
	The payment for invoice TH10 is $980.00. A cash discount of 2 percent is taken

Answer Area:

Answer Area

Payment date	Settlement amount
June 29	▼
	The payment for invoice TH10 is $1.000.00. No cash discount is taken
	The payment for invoice TH10 is $980.00. A cash discount of 2 percent is taken
	The payment for invoice TH10 is $990.00. A cash discount of 1 percent is taken
July 1	▼
	The payment for invoice TH10 is $990.00. A cash discount of 1 percent is taken
	The payment for invoice TH10 is $1.000.00. No cash discount is taken
	The payment for invoice TH10 is $980.00. A cash discount of 2 percent is taken

Section:
Explanation:

QUESTION 7
HOTSPOT

A private sector client needs item groups set up to support the procurement process.
The Audio Item group posting for a purchase order is configured as shown:

Dynamics 365 ∨ | Finance and Operations | Inventory management > Setup > Inventory > Item groups

Save | + New | 🗑 Delete | Forecasting ∨ | Posting | Related Items | OPTIONS | 🔍

ITEM GROUPS

🔍 Filter

Item group	Name
Audio	Audio Products

Audio
Audio Products

AudioRM
Audio Raw Materials

CarAudio
Car Audio Products

CarAudioRM
Car Audio Raw Materials

Consume
Consumerable products

Services
Services

Sales order

Purchase order

Account type	Main account
Cost of purchased materials received	140200
Purchase expenditure, un-invoiced	200140
Cost of purchased materials invoiced	140200
Purchase expenditure for product	600170
Discount	
Fixed receipt price profit	
Fixed receipt price loss	∨

Use the drop-down menus to select the answer choice that answers each question based on the information presented in the graphic.
NOTE: Each correct selection is worth one point.

Hot Area:

Answer Area

Which action will the system perform when a purchase order is confirmed without posting definitions configured?

▼
The transaction will generate a credit entry to cost of purchase materials received.
The transaction will generate a debit entry to cost of purchase materials invoiced.
The transaction will generate a reversing entry.
The transaction will not generate a posting.

Which accounts will be credited and debited when a purchase order is received?

▼
200140 – credit, 140200 – debit
140200 – credit, 200140 – debit
600170 – credit, 140200 – debit

Answer Area:

Answer Area

Which action will the system perform when a purchase order is confirmed without posting definitions configured?

▼
The transaction will generate a credit entry to cost of purchase materials received.
The transaction will generate a debit entry to cost of purchase materials invoiced.
The transaction will generate a reversing entry.
The transaction will not generate a posting.

Which accounts will be credited and debited when a purchase order is received?

▼
200140 – credit, 140200 – debit
140200 – credit, 200140 – debit
600170 – credit, 140200 – debit

Section:
Explanation:

QUESTION 8

HOTSPOT

A company has delinquent customers.

You need to configure Dynamics 365 for Finance and Operations to meet the following requirements:

Send communication to the customers detailing their past-due invoices.

Use the system to automatically calculate a late charge.

Create a group of customers for a collection agent to monitor.

View a list of customers with colored indicators of a customer's payment status.

You need to associate the correct system functionality to manage delinquent customers based on these business requirements.

Which functionality 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

Business requirement	Delinquency Management functionality
Send communication to the customers detailing their past-due invoices.	customer statement / collection letter / aged customer balances
Use the system to automatically calculate a late charge.	interest codes / biling codes / auto charges
Create a group of customers for a collection agent to monitor.	customer pools / aging period definitions / customer groups
View a list of customers with colored indicators of a customer's payment status.	aged balances / period definitions / customer aging snapshot

Answer Area:

Answer Area

Business requirement	Delinquency Management functionality
Send communication to the customers detailing their past-due invoices.	▼
	customer statement
	collection letter
	aged customer balances
Use the system to automatically calculate a late charge.	▼
	interest codes
	biling codes
	auto charges
Create a group of customers for a collection agent to monitor.	▼
	customer pools
	aging period definitions
	customer groups
View a list of customers with colored indicators of a customer's payment status.	▼
	aged balances
	period definitions
	customer aging snapshot

Section:
Explanation:
References:
https://docs.microsoft.com/en-us/dynamics365/unified-operations/financials/accounts-receivable/tasks/review-collections-information

QUESTION 9
HOTSPOT
A client confirms a sales order in Dynamics 365 for Finance and Operations.
You are viewing the confirmed sales order.

Use the drop-down menus to select the answer choice that answers each question based on the information presented in the graphic.
NOTE: Each correct selection is worth one point.

Hot Area:

Answer Area

What should you select to view the original document and print preview to reprint this document?

▼
Pro forma confirmation
Sales order confirmation journal
Confirm sales order

What should you select to view the service fee that was added to the confirmed sales order?

▼
the inventory menu in the Sales order line area, and then select Transactions
the Charges button on the ribbon
the Supplementary items button on the ribbon
the Sales order line menu in the Sales order line area, and then select Order events

Answer Area:

Answer Area

What should you select to view the original document and print preview to reprint this document?

▼
Pro forma confirmation
Sales order confirmation journal
Confirm sales order

What should you select to view the service fee that was added to the confirmed sales order?

▼
the inventory menu in the Sales order line area, and then select Transactions
the Charges button on the ribbon
the Supplementary items button on the ribbon
the Sales order line menu in the Sales order line area, and then select Order events

Section:
Explanation:

QUESTION 10
DRAG DROP
An organization sells monthly service subscriptions. The organization sends invoices to customers on the 15th of every month in the amount of $450.00.
You need to set up, configure, and process recurring free text invoices for the customers.
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.

Select and Place:

Actions

Assign the template to the customers that you want to invoice
Post recurring free text invoices through the periodic posting button
Process the recurring invoice by specifying the invoice date and the template to generate the invoices from
Create a free text invoice template with header, line, accounting distribution, and financial dimension information
Print recurring free text invoices

Answer Area

< >

Correct Answer:

Actions

Answer Area

Create a free text invoice template with header, line, accounting distribution, and financial dimension information

Assign the template to the customers that you want to invoice

Process the recurring invoice by specifying the invoice date and the template to generate the invoices from

Post recurring free text invoices through the periodic posting button

Print recurring free text invoices

Section:
Explanation:
References:
https://docs.microsoft.com/en-us/dynamics365/unified-operations/financials/accounts-receivable/set-up-process-recurring-invoices

QUESTION 11
HOTSPOT
A client is using Dynamics 365 Finance for sales order processing and accounts receivable. The client has two customer groups and two Accounts receivable trade accounts. Foreign customers in Group 80 are assigned to account 12001.
Domestic customers in Group 40 are assigned to account 12000.
You are viewing the client's current setup of Customer posting profiles.

Save   + New   🗑 Delete   OPTIONS   🔍

CUSTOMER POSTING PROFILES

🔍 Filter

Posting profile   Description

Foreign   Foreign Customers

Foreign
Foreign Customers

Domestic
Domestic Customers

GEN
General Profile

PRE
Prepayments

Setup

+ Add   🗑 Remove

Account code	Account/Group number

Account code

Account/Group number

Summary account

Liabilities for discount account

Liquidity account for payments

Collection letter sequence

Sales tax prepayments

Interest code

Table restrictions

Allow automatic settlement   Interest   Collection letter   Close

Yes ●   Yes ●   Yes ●

Use the drop-down menus to select the answer choice that answers each question based on the information presented in the graphic.
NOTE: Each correct selection is worth one point.

Hot Area:

Answer Area

Question	Answer choice
Which setup should you use to restrict this posting profile to customers belonging to customer group 80?	▼
	Select Add under account code, select Table, and then select customer group 80.
	Select Add under account code, select Group, and then select customer group 80.
	Select Add under account code, and then select All.
Which configuration should you use to have the system automatically post the receivable to the foreign accounts receivable trade account upon invoice posting?	▼
	Select account 12001 in the Account code field.
	Select account 12001 in the Summary account field.
	Select account 12001 in the Liquidity account for payments field.

Answer Area:

Answer Area

Question	Answer choice
Which setup should you use to restrict this posting profile to customers belonging to customer group 80?	▼
	Select Add under account code, select Table, and then select customer group 80.
	Select Add under account code, select Group, and then select customer group 80.
	Select Add under account code, and then select All.
Which configuration should you use to have the system automatically post the receivable to the foreign accounts receivable trade account upon invoice posting?	▼
	Select account 12001 in the Account code field.
	Select account 12001 in the Summary account field.
	Select account 12001 in the Liquidity account for payments field.

Section:
Explanation:
Reference:
https://docs.microsoft.com/en-us/dynamics365/finance/accounts-receivable/customer-posting-profiles

03 - Implement accounts receivable credit collections and revenue recognition
Case study

This is a case study. Case studies are not timed separately. You can use as much exam time as you would like to complete each case. However, there may be additional case studies and sections on this exam. You must manage your time to ensure that you are able to complete all questions included on this exam in the time provided.

To answer the questions included in a case study, you will need to reference information that is provided in the case study. Case studies might contain exhibits and other resources that provide more information about the scenario that is described in the case study. Each question is independent of the other questions in this case study.

At the end of this case study, a review screen will appear. This screen allows you to review your answers and to make changes before you move to the next section of the exam. After you begin a new section, you cannot return to this section.

To start the case study

To display the first question in this case study, click the Next button. Use the buttons in the left pane to explore the content of the case study before you answer the questions. Clicking these buttons displays information such as business requirements, existing environment, and problem statements. If the case study has an All Information tab, note that the information displayed is identical to the information displayed on the subsequent tabs. When you are ready to answer a question, click the Question button to return to the question.

Background

Munson's Pickles and Preserves Farm grows and distributes produce, jellies, and jams. The company's corporate headquarters is located in Dallas, TX. Munson's has one operations center and seven regional distribution centers in the United

States.

The company has two wholly owned subsidiaries that operate in Canada. The Canadian entity owns an entity in France.

Munson's plans to expand into Latin America by purchasing the last 25 percent of a subsidiary that they own in Costa Rica. This process is expected to complete within the next two years.

The company plans to implement Dynamics 365 Finance and Dynamics 365 Supply Chain to meet their growing business needs.

Current environment. General

Munson's uses a mix of internally-developed legacy systems that handle their finance and distribution activities. The company has an isolated CRM system.

Both Canadian subsidiaries have two departments: marketing and operations.

Financial reporting is difficult due to data residing in disparate systems.

Financial reporting is currently performed by using Microsoft Excel.

Pre-orders in the current system are difficult to track because the order management system is not integrated with the finance system.

Pickle sales post to one revenue account, but this does not allow for targeted reporting by pickle cut and type.

Current environment. Organization

The following chart shows Accounting/Reporting Currencies and Tax ID, if applicable.

Typically, vendor invoices are received prior to receipt of product.

The following fixed assets are sold for a loss:

BUILD-100

At the regional distribution centers, the value for physical inventory does not match the inventory in the financial system.

Munson's rents their corporate office. Rent is not paid by purchase order. Rent is due once a quarter.

Allocations are performed manually.

Barrels are inventoried by site and warehouse.

Munson's has multiple depreciation and tax books for all of their fixed asset equipment.

Budgets are posted at the department level for each legal entity.

Requirements. Sales

Customers should be able to pre-order for fall release of pickles.

Three-way matching must be enforced for all purchases.

Fixed asset sale transactions require a ledger account entered at the time of transaction.

Fixed assets purchased must be automatically created in fixed asset module. This includes inventory items and write in purchase orders/non-inventoried items.

One dollar from every sale needs must be tracked and donated at the end of each month to a charitable organization.

Purchasing budgets must be enforced at the main account level.

Requirements. Finances

Accounts payable must be able to enter vendor invoices on the day they were received to be settled against when product is received.

Accounts payable must be able to enter vendor invoices to accrue expense without specifying a purchase order at the time of entry.

Postage expenses must be split evenly across the regional distribution centers automatically.

Administrative expenses must be distributed across the regional distribution centers by percentage of fulfillment orders monthly.

Pickling machines depreciation must be uniquely recorded for visibility but not post to the ledger.

Issues
During implementation testing, User1 indicates that after packing slips are generated for purchase orders, there are no ledger postings.
User2 indicates that fixed assets purchased on a purchase order do not show up in the Fixed Assets module.
User3 reports that they are seeing inconsistent application of the one-dollar donation from all sales orders.
User4 in the Canadian subsidiary is able to purchase supplies for marketing despite exceeding the marketing department budget.
User5 reports that when purchasing a non-inventoried computer, the system is automatically assigning it to the buildings fixed asset group.

QUESTION 1
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. Create a procurement category.

Correct Answer: A
Section:

QUESTION 2
You need to configure Accounts Receivable to take pre-orders.
Which feature should you use?

A. Settle cloud transactions
B. Accounting source explorer
C. Settle open transactions
D. Customer aging report
E. Voucher transactions

Correct Answer: C
Section:
Explanation:
Reference: https://docs.microsoft.com/en-us/dynamics365/finance/cash-bank-management/settlement-overview

02 - Implement and manage accounts payable and expenses
Case study
This is a case study. Case studies are not timed separately. You can use as much exam time as you would like to complete each case. However, there may be additional case studies and sections on this exam. You must manage your time to ensure that you are able to complete all questions included on this exam in the time provided.
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Financial reporting is difficult due to data residing in disparate systems.

Financial reporting is currently performed by using Microsoft Excel.

Pre-orders in the current system are difficult to track because the order management system is not integrated with the finance system.

Pickle sales post to one revenue account, but this does not allow for targeted reporting by pickle cut and type.

Current environment. Organization

The following chart shows Accounting/Reporting Currencies and Tax ID, if applicable.

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Allocations are performed manually.

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Customers should be able to pre-order for fall release of pickles.

Three-way matching must be enforced for all purchases.

Fixed asset sale transactions require a ledger account entered at the time of transaction.

Fixed assets purchased must be automatically created in fixed asset module. This includes inventory items and write in purchase orders/non-inventoried items.

One dollar from every sale needs must be tracked and donated at the end of each month to a charitable organization.

Purchasing budgets must be enforced at the main account level.

Requirements. Finances

Accounts payable must be able to enter vendor invoices on the day they were received to be settled against when product is received.

Accounts payable must be able to enter vendor invoices to accrue expense without specifying a purchase order at the time of entry.

Postage expenses must be split evenly across the regional distribution centers automatically.

Administrative expenses must be distributed across the regional distribution centers by percentage of fulfillment orders monthly.

Pickling machines depreciation must be uniquely recorded for visibility but not post to the ledger.

Issues

During implementation testing, User1 indicates that after packing slips are generated for purchase orders, there are no ledger postings.

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User3 reports that they are seeing inconsistent application of the one-dollar donation from all sales orders.

User4 in the Canadian subsidiary is able to purchase supplies for marketing despite exceeding the marketing department budget.

User5 reports that when purchasing a non-inventoried computer, the system is automatically assigning it to the buildings fixed asset group.

QUESTION 1
DRAG DROP
You need to configure the system to meet invoicing requirement.
Which features should you use? To answer, drag the appropriate features to the correct requirements. Each feature may be used once, more than once, or not at all. You may need to drag the split bar between panes or scroll to view content.
NOTE: Each correct selection is worth one point.

Select and Place:

Feature		Answer Area	
Pending vendor invoice		**Requirement**	**Feature**
Vendor invoice journal		Enter early product invoices.	Feature
Vendor invoice register		Pay rent.	Feature
		Enter accrual invoices.	Feature

Correct Answer:

Feature		Answer Area	
		Requirement	**Feature**
		Enter early product invoices.	Pending vendor invoice
		Pay rent.	Vendor invoice journal
		Enter accrual invoices.	Vendor invoice register

Section:
Explanation:
Reference:
https://docs.microsoft.com/en-us/dynamics365/finance/accounts-payable/vendor-invoices-overview

01 - Manage budgeting

QUESTION 1
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

Correct Answer: C, D, E
Section:

QUESTION 2
A client is using the budget planning process in Dynamics 365 Finance.
Your client requires the ability to plan for a one-year, three-year, and five year-budget.
You need to configure the various year length options to be used in the budgeting module.
What should you do?

A. Configure budget control

B. Configure budget codes

C. Configure budget cycles

D. Configure budget allocation terms

Correct Answer: B
Section:

QUESTION 3
A company uses Dynamics 365 Finance to manage budgets.
You need to reallocate funds during the year.
Which budget code should you use?

A. Carry-forward

B. Zero-based

C. Pre-encumbrance

D. Transfer

Correct Answer: D
Section:
Explanation:
Reference: https://docs.microsoft.com/en-us/dynamics365/finance/budgeting/basic-budgeting-overview-configuration

QUESTION 4
A company plans to use Dynamics 365 Finance.
You need to configure basic budgeting.
Which set of actions must you perform?

A. Define a budget journal
   Define budgeting parameters
   Define budgeting dimensions
   Create budget models and codes
   Define number sequences

B. Define budget journal exchange rate types
   Define budgeting parameters and number sequences

Define budgeting dimensions
Create budget models
Define budget codes

C. Define a budget journal
Define budgeting parameters and number sequences
Define budgeting dimensions
Create budget models and codes
Setup budget allocation termsbudget models and codes
Setup budget allocation terms

D. Define budget exchange rate types
Define budgeting parameters and number sequences
Define financial dimensions
Create budget models
Define budget codes

Correct Answer: B
Section:
Explanation:
Reference: https://docs.microsoft.com/en-us/learn/modules/configure-use-basic-budgeting-budget-control-dyn365-finance/4-overview

QUESTION 5
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 company is preparing to complete yearly budgets.
The company plans to use the Budget module in Dynamics 365 Finance for budget management.
You need to create the new budgets.
Solution: Combine budgets from multiple legal entities to a master budget.
Does the solution meet the goal?

A. Yes
B. No

Correct Answer: B
Section:
Explanation:
Reference:
https://docs.microsoft.com/en-us/dynamics365/unified-operations/financials/budgeting/budget-planning-overview-configuration

QUESTION 6
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 company is preparing to complete yearly budgets.
The company plans to use the Budget module in Dynamics 365 Finance for budget management.
You need to create the new budgets.
Solution: Create budget plans for multiple scenarios.

Does the solution meet the goal?

A. Yes
B. No

Correct Answer: A
Section:
Explanation:
Reference:
https://docs.microsoft.com/en-us/dynamics365/unified-operations/financials/budgeting/budget-planning-overview-configuration

QUESTION 7
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 company is preparing to complete yearly budgets.
The company plans to use the Budget module in Dynamics 365 Finance for budget management.
You need to create the new budgets.
Solution: Create budget plans to define the revenues for a budget.
Does the solution meet the goal?

A. Yes
B. No

Correct Answer: B
Section:
Explanation:
Reference:
https://docs.microsoft.com/en-us/dynamics365/unified-operations/financials/budgeting/budget-planning-overview-configuration

QUESTION 8
A customer uses Dynamics 365 Finance to manage budgets.
You review a customer's budget funds available calculation and discover that the budget amounts posted two weeks ago are not reflected in the budget control check on a purchase order.
You verify that budget control is set to active.
You need to determine why the budget posted two weeks ago is not reflecting correctly.
What should you do?

A. Verify that available budget funds are configured appropriately.
B. Post a budget transfer to add the correct funds.
C. Verify whether budget plans are still in draft status.
D. Compare the budget control active date to the date of the posted register entries to verify that it was active at the time of posting.

Correct Answer: D
Section:
Explanation:
Reference: https://docs.microsoft.com/en-us/dynamics365/finance/budgeting/budget-control-overview-configuration

QUESTION 9
A company configures budget controls at the beginning of the year.
Which three budget control transaction actions occur when the budget control is turned off mid-year. Each correct answer presents part of the solution.
NOTE: Each correct selection is worth one point.

A. Activities are unrecorded for budget control purposes.

B. Budget register entries that have been posted after budget control is turned off will not be considered for budget control.

C. Posted documents might incorrectly reflect any relieving amounts or balances in inquiries and reports that are related to budget control.

D. Budget checks are performed.

E. You can view the budget reporting through financial reports.

Correct Answer: A, B, C
Section:
Explanation:
Reference: https://docs.microsoft.com/en-us/dynamics365/finance/budgeting/budget-control-overview-configuration

QUESTION 10
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

Correct Answer: C, D
Section:
Explanation:
Reference: https://docs.microsoft.com/en-us/dynamics365/finance/budgeting/basic-budgeting-overview-configuration

QUESTION 11
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.

Correct Answer: D, E
Section:

QUESTION 12
A company is preparing to complete yearly budgets.
The company plans to use the Budget module in Dynamics 365 Finance for budget management.
You need to create the new budgets.
What should you do?

A. Create budget plans for multiple scenarios.

B. Create budget plans to define the revenues for a budget.

C. Combine previous year budgets into a single budget.

Correct Answer: A
Section:
Explanation:
Reference: https://docs.microsoft.com/en-us/dynamics365/unified-operations/financials/budgeting/budget-planning-overview-configuration

QUESTION 13
DRAG DROP
You are creating a budget for an organization.
The organization requires that allocations be performed automatically as part of budget planning.
You need to invoke allocations at a specific budget planning stage.
Which three actions should you perform in sequence? To answer, move the appropriate actions from the list of actions to the answer area and arrange them in the correct order.

Select and Place:

Correct Answer:

Actions

Set up Task approval or the workflow

Answer Area

Create an allocation schedule on the Budget planning configuration page

Create a stage allocation on the Budget planning configuration page

Add an automated task for budget planning stage allocation at the desired workflow stage

Section:
Explanation:
References:
https://docs.microsoft.com/en-us/dynamics365/unified-operations/financials/budgeting/budget-planning-data-allocation

QUESTION 14
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 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

Section:
Explanation:
Reference:
https://docs.microsoft.com/en-us/dynamics365/unified-operations/financials/budgeting/budget-planning-data-allocation

QUESTION 15
DRAG DROP
A company needs to create budget plan templates for its budgeting process.
You need to create the budget plan templates.
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.

Select and Place:

Actions

| Generate budget plan templates |
| Define budgeting financial dimension sets |
| Create budget plan columns |
| Create budget plan document layouts |

Answer Area

(<) (>)

Correct Answer:

Actions

Answer Area

| Define budgeting financial dimension sets |
| Create budget plan columns |
| Create budget plan document layouts |
| Generate budget plan templates |

(<) (>)

Section:
Explanation:

QUESTION 16
HOTSPOT
A client is implementing the Budgeting module in Dynamics 365 Finance.
You need to configure the correct budget control area to meet the client's requirements.
Track budgeting control on purchase requisitions.
Include unposted actual transactions in the calculation of the remaining budget for the period.
Allow specific individuals to post transactions that exceed the budget.
Specify main accounts that are subject to budget control, instead of selecting Main account as a dimension for budgeting.
What should you configure? To answer, select the appropriate configuration in the answer area.
NOTE: Each correct selection is worth one point.

Hot Area:

Answer Area

Client requirement	Setup area
Track budgeting control on purchase requisitions.	▼
	Documents and journals
	Budget funds available
	Define budget control rules
	Define message levels
Include unposted actual transactions in the calculation of the remaining budget for the period.	▼
	Documents and journals
	Budget funds available
	Select main accounts
	Assign budget models
Allow specific individuals to post transactions that exceed the budget.	▼
	Define message levels
	Budget funds available
	Over budget permissions
	Define budget groups
Specify main accounts that are subject to budget control, instead of selecting Main account as a dimension for budgeting.	▼
	Budget funds available
	Over budget permissions
	Define budget groups
	Select main accounts

Answer Area:

Answer Area

Client requirement	Setup area
Track budgeting control on purchase requisitions.	▼ Documents and journals Budget funds available Define budget control rules Define message levels
Include unposted actual transactions in the calculation of the remaining budget for the period.	▼ Documents and journals Budget funds available Select main accounts Assign budget models
Allow specific individuals to post transactions that exceed the budget.	▼ Define message levels Budget funds available Over budget permissions Define budget groups
Specify main accounts that are subject to budget control, instead of selecting Main account as a dimension for budgeting.	▼ Budget funds available Over budget permissions Define budget groups Select main accounts

Section:
Explanation:
Reference:
https://docs.microsoft.com/en-us/dynamics365/finance/budgeting/budget-control-overview-configuration

01 - Manage fixed assets

QUESTION 1
An organization acquires a building.
You need to register and record the building as an asset building in Dynamics 365 Finance.
What are three possible ways to achieve the goal? Each correct answer presents a complete solution. NOTE: Each correct selection is worth one point.

A. Select an account type of Fixed Asset and a transaction type of Acquisition with a General Journal

B. Eliminate the project to a fixed asset

C. Create a sales invoice to record and register the fixed asset

D. Select an acquisition transaction type within a fixed asset journal

E. Use the sales order process to acquire the asset

Correct Answer: A, B, D
Section:

QUESTION 2
You are the accounts receivable manager of an organization. The organization recently sold machinery to a customer.
You need to register a transaction for the sale of the machinery by using a free text invoice for fixed assets.
Which transaction type should you use?

A. Acquisition

B. Value adjustments

C. Depreciation

D. Disposal

Correct Answer: D
Section:

QUESTION 3
You are the controller for an organization. The company purchased six service trucks. You observe that your accountant set up Fixed assets - vehicles in the wrong fixed asset group.
You need to achieve the following:
Change the fixed asset group so that the existing fixed asset transactions for the original fixed asset are canceled and regenerated for the new fixed asset.
Ensure that all books for the existing fixed asset are created for the new fixed asset. Any information that was set up for the original fixed asset is copied to the new fixed asset. Close the old fixed asset number in the old fixed assets group and create a new fixed asset number in the new fixed assets group. Ensure that the historical transactions are transferred to the new fixed asset. Ensure Historical Depreciation expense entries do not change.
What should you do?

A. Reclassify the fixed asset

B. Change the fixed asset group and keep the same fixed asset number

C. Copy the fixed asset

D. Transfer the fixed assets

Correct Answer: A
Section:
Explanation:
Reference: https://docs.microsoft.com/en-us/dynamics365/unified-operations/financials/fixed-assets/tasks/reclassify-fixed-assets

QUESTION 4
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

Correct Answer: B, E
Section:
Explanation:
The type and number sequence are configured in the group so you don't need to enter those values.
Reference:
https://ellipsesolutions.com/dynamics-365-finance-operations-fixed-asset-acquisition-options/

QUESTION 5
HOTSPOT
You are the purchase manager of an organization. You purchase a laptop for your office for $2,000. You plan to create a purchase order and acquire the new fixed asset through the purchase order at time of invoicing.
You set up the system as follows: Fixed assets are automatically created during product receipt or vendor invoice posting and the capitalization threshold for the computers group (COMP) is set to $1,600.
You need to automatically create a fixed asset record when you post an acquisition transaction for the asset after you post the invoice.
How should you configure the fixed asset parameters to meet the criteria? To answer, select the appropriate option in the answer area.
NOTE: Each correct selection is worth one point.

Hot Area:

Answer Area:

Answer Area

Criteria	Field configuration
Create a fixed asset from a purchase order.	▼
	Select Allow asset acquisition from Purchasing.
	Select Create asset during product receipt or invoice posting.
	Set up the capitalization threshold amount.
	Select Restrict asset acquisition posting to a user group.
Enable acquisitions to occur when invoice is posted.	▼
	Select Allow asset acquisition from Purchasing.
	Set up the capitalization threshold amount.
	Select Restrict asset acquisition posting to a user group.
	Select Create asset during product receipt or invoice posting.

Section:
Explanation:
Reference:
https://docs.microsoft.com/en-us/dynamics365/finance/fixed-assets/acquire-assets-procurement

QUESTION 6
DRAG DROP
A client is implementing fixed assets in Dynamics 365 Finance.
You need to specify which parameters should be configured to meet the business requirements.
Which parameters meet the requirements? To answer, drag the appropriate parameters to the correct requirements. Each parameter may be used once, more than once, or not at all. You may need to drag the split bar between panes or scroll to view content.
NOTE: Each correct selection is worth one point.

Select and Place:

Parameters

posting profile

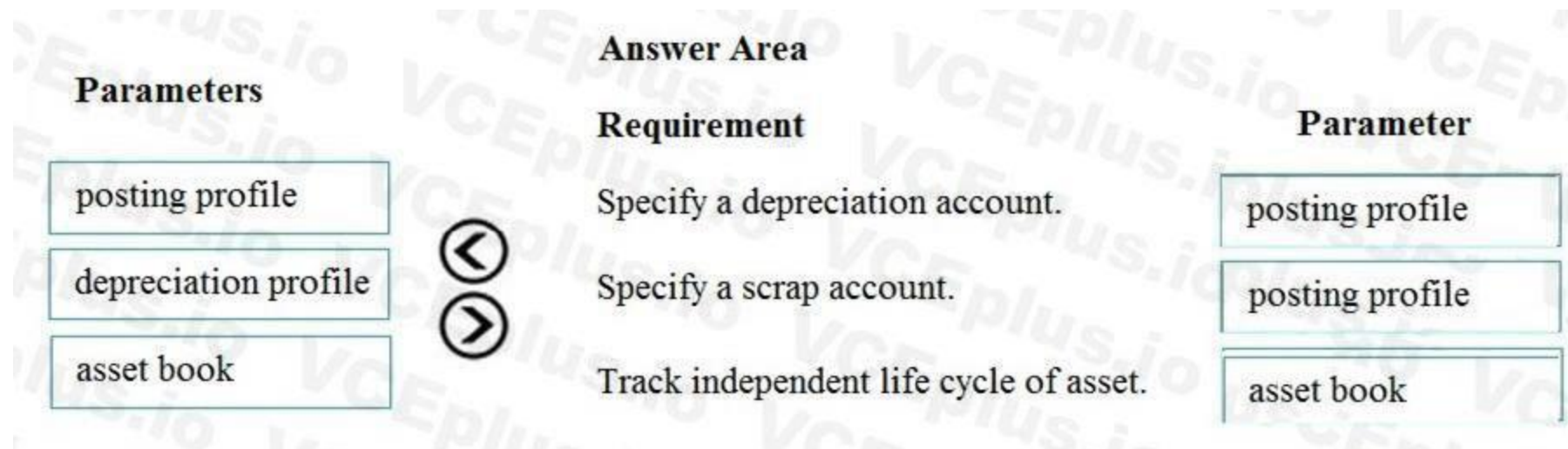| depreciation profile |
|---|

asset book

Ⓒ
Ⓔ

Answer Area

Requirement	Parameter
Specify a depreciation account.	
Specify a scrap account.	
Track independent life cycle of asset.	

Correct Answer:

Parameters

posting profile	
depreciation profile	
asset book	

Answer Area

Requirement	Parameter
Specify a depreciation account.	posting profile
Specify a scrap account.	posting profile
Track independent life cycle of asset.	asset book

Section:
Explanation:
Reference:
https://docs.microsoft.com/en-us/dynamics365/finance/fixed-assets/tasks/set-up-fixed-asset-posting-profiles
https://docs.microsoft.com/en-us/dynamics365/finance/fixed-assets/set-up-fixed-assets

QUESTION 7
HOTSPOT
You manage fixed assets in Dynamics 365 Finance.
You have the following requirements:
Purchase a fixed asset on a purchase order by using a procurement category.
Purchase a fixed asset on a purchase order by using an item number.
Post specific tax transactions for fixed assets by using a journal.
You need to associate process in the system with the corresponding business requirement.
Which actions should you perform? To answer, select the appropriate configuration in the answer area.
NOTE: Each correct selection is worth one point.

Hot Area:

Answer Area

Business requirement

Process/configurations

Purchase a fixed asset on a purchase order by using a procurement category

▼
Configure Business Rules for fixed asset determination
Create a fixed asset purchasing policy
Create a fixed asset hierarchy
Create a default fixed asset group

Purchase a fixed asset on a purchase order by using an item number

▼
Select new fixed asset on purchase order line
Select fixed asset financial dimension
Create a fixed asset reference purchase order number

Post specific tax transactions for fixed assets by using a journal

▼
Create a journal and assign the tax posting layer
Create a journal and assign a specific voucher sequence
Use a fixed asset-specific sales tax code
Use a fixed asset-specific sales tax group

Answer Area:

Answer Area

Business requirement	Process/configurations
Purchase a fixed asset on a purchase order by using a procurement category	▼ **Configure Business Rules for fixed asset determination** Create a fixed asset purchasing policy Create a fixed asset hierarchy Create a default fixed asset group
Purchase a fixed asset on a purchase order by using an item number	▼ **Select new fixed asset on purchase order line** Select fixed asset financial dimension Create a fixed asset reference purchase order number
Post specific tax transactions for fixed assets by using a journal	▼ Create a journal and assign the tax posting layer **Create a journal and assign a specific voucher sequence** Use a fixed asset-specific sales tax code Use a fixed asset-specific sales tax group

Section:
Explanation:
Reference:
https://www.loganconsulting.com/blog/fixed-asset-determination-rules-in-d365-for-finance-and-operations/

02 - Manage fixed assets
Case study
This is a case study. Case studies are not timed separately. You can use as much exam time as you would like to complete each case. However, there may be additional case studies and sections on this exam. You must manage your time to ensure that you are able to complete all questions included on this exam in the time provided.
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To start the case study

To display the first question in this case study, click the Next button. Use the buttons in the left pane to explore the content of the case study before you answer the questions. Clicking these buttons displays information such as business requirements, existing environment, and problem statements. If the case study has an All Information tab, note that the information displayed is identical to the information displayed on the subsequent tabs. When you are ready to answer a question, click the Question button to return to the question.

Background

Munson's Pickles and Preserves Farm grows and distributes produce, jellies, and jams. The company's corporate headquarters is located in Dallas, TX. Munson's has one operations center and seven regional distribution centers in the United

States.

The company has two wholly owned subsidiaries that operate in Canada. The Canadian entity owns an entity in France.

Munson's plans to expand into Latin America by purchasing the last 25 percent of a subsidiary that they own in Costa Rica. This process is expected to complete within the next two years.

The company plans to implement Dynamics 365 Finance and Dynamics 365 Supply Chain to meet their growing business needs.

Current environment. General

Munson's uses a mix of internally-developed legacy systems that handle their finance and distribution activities. The company has an isolated CRM system.

Both Canadian subsidiaries have two departments: marketing and operations.

Financial reporting is difficult due to data residing in disparate systems.

Financial reporting is currently performed by using Microsoft Excel.

Pre-orders in the current system are difficult to track because the order management system is not integrated with the finance system.

Pickle sales post to one revenue account, but this does not allow for targeted reporting by pickle cut and type.

Current environment. Organization

The following chart shows Accounting/Reporting Currencies and Tax ID, if applicable.

Typically, vendor invoices are received prior to receipt of product.

The following fixed assets are sold for a loss:

BUILD-100

At the regional distribution centers, the value for physical inventory does not match the inventory in the financial system.

Munson's rents their corporate office. Rent is not paid by purchase order. Rent is due once a quarter.

Allocations are performed manually.

Barrels are inventoried by site and warehouse.

Munson's has multiple depreciation and tax books for all of their fixed asset equipment.

Budgets are posted at the department level for each legal entity.

Requirements. Sales

Customers should be able to pre-order for fall release of pickles.

Three-way matching must be enforced for all purchases.

Fixed asset sale transactions require a ledger account entered at the time of transaction.

Fixed assets purchased must be automatically created in fixed asset module. This includes inventory items and write in purchase orders/non-inventoried items.

One dollar from every sale needs must be tracked and donated at the end of each month to a charitable organization.

Purchasing budgets must be enforced at the main account level.

Requirements. Finances

Accounts payable must be able to enter vendor invoices on the day they were received to be settled against when product is received.

Accounts payable must be able to enter vendor invoices to accrue expense without specifying a purchase order at the time of entry.

Postage expenses must be split evenly across the regional distribution centers automatically.

Administrative expenses must be distributed across the regional distribution centers by percentage of fulfillment orders monthly.

Pickling machines depreciation must be uniquely recorded for visibility but not post to the ledger.

Issues

During implementation testing, User1 indicates that after packing slips are generated for purchase orders, there are no ledger postings.

User2 indicates that fixed assets purchased on a purchase order do not show up in the Fixed Assets module.

User3 reports that they are seeing inconsistent application of the one-dollar donation from all sales orders.

User4 in the Canadian subsidiary is able to purchase supplies for marketing despite exceeding the marketing department budget.

User5 reports that when purchasing a non-inventoried computer, the system is automatically assigning it to the buildings fixed asset group.

QUESTION 1
You need to identify the root cause for the error that User5 is experiencing.
What should you check?

A. Fixed asset rules

B. Fixed asset determination rules

C. Fixed asset posting profiles

D. Fixed asset books

E. Fixed asset depreciation profiles

Correct Answer: B
Section:

QUESTION 2
DRAG DROP
You need to select the functionality to meet the requirement.
Which features should you use? To answer, drag the appropriate features to the correct requirements. Each feature may be used once or not at all. You may need to drag the split bar between panes or scroll to view content.
NOTE: Each correct selection is worth one point.

Select and Place:

Correct Answer:

Features

Posting layer - custom

Answer Area

Requirements	Feature
Pickling machine depreciation	Posting layer - current
Regular depreciation	Posting layer - tax

Section:

Explanation:

Reference:

https://www.mscloudexperts.com/how-to-set-up-fixed-assets-to-register-transactions-in-posting-layers/

03- Manage fixed assets

Case study

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Background

Alpine Ski House has three partially owned franchises and 10 fully owned resorts throughout the United States and Canada. Alpine Ski House's percentage ownership of the franchises is between two and 10 percent.

Alpine Ski House is undergoing an implementation of Dynamics 365 Finance and Dynamics 365 Supply Chain Management to transform their financial management and logistics capabilities across the franchises. Implementation is complete for Alpine Ski House's corporate offices, two US franchises, and one Canadian franchise. The remaining franchises are in varying stages of the implementation. Two new resort projects are in the budget planning stages and will open in the next fiscal year.

Current environment

Organization and general ledger

Each franchise is set up as a legal entity in Dynamics 365 Finance.

Alpine Ski House Corporate uses financial dimensions for their fully owned resorts.

Each resort is a financial dimension named resort.

Each fully owned resort has two divisions: marketing and operations.

Only Profit and Loss account postings require the division dimension.

Corporate handles the advertising and administration of the fully owned resorts.

Corporate uses Dynamics 365 Project Management and Accounting to manage construction of new resorts.

Budgeting

Organizational budgeting is decentralized but rolls up to one organizational corporate budget.

Each resort manager performs budgeting in Dynamics 365 Finance.

Budget preparation begins this month. All operational resorts will submit their budgets in two weeks.

Sales and tax

Sales tax is configured and used by all resorts that operate in the United States.

You configure one US sales tax vendor account and assign the vendor account to the settlement periods for reporting.

You use accounts receivable charges to track donations.

Existing purchasing contracts

Each franchise resort has an individual contract with a local supplier of their choosing to purchase at least $10,000 worth of suppliers during the calendar year.

The franchise resorts in one US state receive a two percent discount on meat and vegetable purchases in excess of $8,000 per year.

A franchise resort in Utah has agreed to purchase 1,000 units of beef at market price from a local supplier.

Alpine Ski House uses a vendor collaboration portal to track purchase orders and requests for quotes.

Vendors request access to the vendor collaboration portal by using a workflow which runs on a nightly schedule.

Intercompany setup

Vendor123 resides in US franchise Company1 and is set up for intercompany transactions. Customer345 resides in Canada franchise Company1 and is set up for intercompany transactions.

Requirements

Franchises

Each franchise must pay two percent of monthly sales to Alpine Ski House Corporate.

Each franchise must report their own financials to Alpine Ski House Corporate monthly.

US franchises require a three-way-match on all purchases, with a 1-percent price tolerance.

Canadian franchises require a three-way-match on all purchases except paper products, which have a 10-percent price tolerance.

Corporate

Advertising costs must be balanced across the 10 resorts monthly. These costs must be split across the 12 resorts once construction of the final two resorts is completed.

Administration costs must be split across the 10 resorts proportional to the amount of sales generated.

One percent of all pack and individual ski pass sales must be donated quarterly to an environmental protection organization.

The finance department must be able to see purchasing contracts and discounts for vendors based on volume spend.

Employees

All employee expense reports that contain the word entertainment must be reviewed for audit purposes. If a journal is posted incorrectly, the entire journal and not just the incorrect line must be fully reversed for audit purposes.

Resorts

All resorts must use Dynamics 365 Finance for budgeting and must first be approved by the regional manager. Purchased fixed assets must automatically be acquired at product receipt.

Issues

User1 reports that irrelevant dimensions display in the drop down when entering a General journal.

User2 reports that dimension 00 is being used for all balance sheet accounts.

User3 tries to generate the quarterly sales tax liability payment for a specific state but does not see any payables available for that state's vendor.

User4 receives a call from a vendor who cannot access the vendor collaboration portal but needs immediate access.

User5 notices a large amount of entertainment expenses being posted without an audit review.

User6 needs to have visibility into the increase in budget that is necessary to staff the two new resorts opening next year.

User7 needs to use Dynamics 365 Finance for situational budgeting planning with the ability to increase and decrease the existing plans by certain percentages.

User8 made a mistake while posting a 1,000-line journal and reverses the entire journal but cannot find the lines that included errors during the reversal.

User9 made a mistake while posting a 55-line journal and reverses the entire journal.

User10 realizes that the purchase of five new computers did not acquire five new fixed assets upon receipt.

QUESTION 1
You need to acquire the fixed assets that are associated with the purchase orders.
What should you do?

A. Select the fixed asset checkbox on the invoice.

B. Create the fixed assets in the fixed asset module and then acquire the asset.

C. Create the fixed assets in the fixed asset module and then select the fixed asset checkbox on the product receipt.

D. Reverse the product receipt and then repost it.

Correct Answer: A
Section:
Explanation:
Reference: https://docs.microsoft.com/en-us/dynamics365/finance/fixed-assets/acquire-assets-procurement

04 - Manage fixed assets
Case study

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Background

Fourth Coffee is a coffee and supplies manufacturer based in Seattle. The company recently purchased CompanyA, based in the United States, and CompanyB, based in Canada, in order to increase production of their award-winning espresso machine and distribution of their dark roast coffee beans, respectively.

Fourth Coffee has set up CompanyA and CompanyB in their Dynamics 365 Finance and Operations environment to gain better visibility into the companies' profitability. CompanyA and CompanyB will continue to operate as subsidiaries of

Fourth Coffee, but all operational companies will be consolidated under Fourth Coffee Holding Company in US dollars (USD) for reporting purposes.

The current organizational chart is shown below:

Current environment
Systemwide setup

Dynamics 365 Finance in Microsoft Azure is used to manage the supply chain, retail, and financials.

All companies share a Chart of Accounts.

Two dimensions are used: Department and Division.

Budgeting is controlled at the department level.

Customers and vendors are defined as two groups: Domestic and International.

Mandatory credit check is set to No.

Consolidate online is used for the consolidation of all companies.

International main accounts are subject to foreign currency revaluation.

The purchasing budget is used to enforce purchasing limits.

General ledger accounts

Account numbers	Account description
1200	Domestic Accounts Receivable (USD)
1201	International Accounts Receivable (Canadian dollars [CAD])
2000	Domestic Accounts Payable (USD)
2001	International Accounts Payable (CAD)

Fourth Coffee

The base currency is USD.

Three item groups are used: coffee, supplies, and nonstock.

The standard sales tax method is used.

Acquiring fixed assets requires a purchase order.

All customer payment journals require a deposit slip.

CustomerX is a taxable company.

CustomerY is a tax-exempt company.

CustomerZ is a taxable company.

VendorA is a Colombian supplier of coffee beans and belongs to the international vendor group.

VendorB is a Peruvian supplier of coffee machine filters and belongs to the international vendor group.

VendorC is a Texas supplier of espresso valves and belongs to the domestic vendor group.

CompanyA

The base currency is USD.

It consists of a marketing department and a digital division.

A 4-5-4 calendar structure is used.

The standard sales tax method is used.

CompanyB

The base currency is CAD.

The conditional sales tax method is used.

Requirements

Reporting

A consolidated Fourth Coffee financial report is required in USD currency.

Fourth Coffee and its subsidiaries need to be able to report sales by item type.

Year-end adjustments need to be reported separately in a different period to view financial reporting inclusive and exclusive of year-end adjustments.

Issues

User1 observes that a General journal was used in error to post to the Domestic Accounts Receivable trade account.

User2 has to repeatedly reclassify vendor invoice journals in Fourth Coffee Company that are posted to the marketing department and digital division.

When User3 posts an Accounts receivable payment journal, a deposit slip is not generated.

User4 observes an increase in procurement department expenses for supplies.

User5 observes that sales tax is not calculating on a sales order for CustomerZ.

User6 observes that sales tax is calculating for CustomerY.

User7 observes that the sales tax payment report is excluding posted invoice transactions.

User8 in CompanyA attempts to set up the sales tax receivable account on the sales tax posting form.

User9 in CompanyA needs to purchase three tablets by using a purchase order and record the devices as fixed assets.

CustomerX requires a credit check when making a purchase and is currently at their credit limit.

QUESTION 1

You need to ensure that User9's purchase is appropriately recorded.

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

NOTE: Each correct selection is worth one point.

A. Select a fixed asset group at the line level.

B. Set the new fixed asset toggle to yes at the line level.

C. Enter three purchase order lines, enter quantity of 1.

D. Enter one purchase order line, enter quantity of 3.

E. Select a financial dimension at the line level.

Correct Answer: A, B, C
Section:
Explanation:
Reference: https://www.columbusglobal.com/en-us/blog/how-to-purchase-a-fixed-asset-through-a-po-with-dynamics-365

Exam L

QUESTION 1
DRAG DROP
A company is implementing Microsoft Dynamics 365 Finance. The company plans to Implement the
fixed asset module. You have the full awing requirements:
• Post transactions to the tax depreciation hook at the same interval as the primary book.
• Tax transactions must be journalized without being recorded in the general ledger.
You need to configure the 'wet! asset books.
Which conjuration option should you use? To , drag the appropriate urn figurations to the correct
requirement. Each configuration may be used once, more than once, more not at all You may need to
drag the split bar between panes or scroll to view content.
NOTE: Each correct selection is worth one point.
Answer:

Select and Place:

Configurations		Answer Area		
Derived			**Requirement**	**Configuration**
Posting layer			Post transactions to the tax depreciation book at the same interval as the primary book.	Configuration
Depreciation convention			Tax transactions must be journalized without being recorded in the general ledger.	Configuration
Value model				

Correct Answer:

Configurations		Answer Area		
			Requirement	**Configuration**
			Post transactions to the tax depreciation book at the same interval as the primary book.	Derived
Depreciation convention			Tax transactions must be journalized without being recorded in the general ledger.	Posting layer
Value model				

Section:

Explanation:

QUESTION 2
A company uses Microsoft Dynamics 365 finance to manage customer support contracts.
You need to validate a revenue recognition schedule for a customer,
in which two pages can you view the revenue recognition schedule? Each correct answer presents a complete solution.
NOTE: Each correct selection is worth one point.

A. an invoiced sales order

B. the revenue schedule details

C. the revenue schedules

D. an invoiced purchase order

E. The revenue recognition schedule

Correct Answer: A, E
Section:

QUESTION 3
A company uses Microsoft Dynamics 365 Finance. You create revenue allocation schedules for items.
You need to link a revenue allocation schedule to an item.
Which two pages should you use? Each correct answer presents a complete solution
NOTE: Each correct selection is worth one point.

A. Item posting profile

B. Charges group

C. Released item

D. item group

E. Revenue allocation journal

Correct Answer: C, D
Section:

QUESTION 4
A client wants general journals to be used only to post ledger-type transactions.
You need to set up journal configuration to achieve the requirement.
Solution: Set up posting restrictions on the general journal.
Does the solution meet the goal?

A. Yes

B. No

Correct Answer: B
Section:

QUESTION 5
A client wants general journals to be used only to post ledger-type transactions.

You need to set up journal configuration to achieve the requirement.
Solution: Set up default offset account on the journal name.
Does the solution meet the goal?

A. Yes

B. No

Correct Answer: B
Section:

QUESTION 6
A client warns general journals to be used only to post ledger-type Transactions.
You need to set up Journal configuration to achieve the requirement.
Solution: Set up the journal control to specify the account structure and ledger segment.
Does: The solution meet the goal?

A. Yes

B. No

Correct Answer: A
Section:

QUESTION 7
Your company uses Dynamics 365 Finance
All fixed assets are categorized by asset type. For example, office furniture is sequentially numbered.
Has the same service life, and uses the same depreciation deduction calculation.
You need to configure the system.
Which two parameters should you set up? Each correct answer presents part of the solution
NOTL Each correct selection is worth one point.

A. appreciation convention

B. derived book

C. deprecation profile

D. fixed asset group

Correct Answer: C, D
Section:

QUESTION 8
A cable and interne t company implements Dynamics 365 Finance. The primary line of business for the company is internet services. The company also sells routers and modems to customers for an additional one-time cost.
You need to configure revenue recognition.
What should you configure?

A. Create the router and modem sates to post to deferred revenue.

B. Configure the internet service as essential

C. Configure the internet service router, and modem as essential.

D. Create a revenue schedule for the internet service, router, and modem

Correct Answer: D
Section:

QUESTION 9
HOTSPOT
You are implementing Dynamics 365 Finance.
The company charges a convenience cost of $1S foe payments received from customers as an electronic fund transfer (EFT). The company also charges 10 percent interest on invoices that are not paid within the 30-day net terms.
You need to configure the system.
Which option should you configure? To answer, select the appropriate options in the answer area.
NOTE: Each correct selection is worth one point.

Hot Area:

Answer Area

Requirement	Option
EFT charge	Payment fee / Cash settlement / Payment service / Interest
Late payment charge	Payment fee / Cash settlement / Payment schedule / Interest

Answer Area:

Answer Area

Requirement	Option
EFT charge	Payment fee / Cash settlement / Payment service / **Interest**
Late payment charge	Payment fee / Cash settlement / **Payment schedule** / Interest

Section:
Explanation:

QUESTION 10
DRAG DROP
A company uses basic budgeting functionality in Dynamics 365 Finance.

A budget manager plans to review and approve budget register entries m the system.
You need to set up approval workflows.
Which four actions should you perform m sequence?
To answer, move the appropriate actions from the list of actions to the answer area and arrange them in the correct order.

Select and Place:

Actions	Answer Area
Activate the workflow.	
Create a workflow for the workflow type Budget account entry workflow.	
Define budget control rules for all financial dimension values.	
Create a workflow for the workflow type Budget register entry workflow.	
Select Budget manager as a type of participant.	
Assign the workflow to a budget code.	

Correct Answer:

Actions	Answer Area
Activate the workflow.	Create a workflow for the workflow type Budget account entry workflow.
	Assign the workflow to a budget code.
Define budget control rules for all financial dimension values.	Select Budget manager as a type of participant.
Create a workflow for the workflow type Budget register entry workflow.	

Section:
Explanation:

QUESTION 11
A company implements baste budgeting functionality in Dynamics 365 Finance in multiple departments that belong to the same legal entity. Managers must be able to identify and track budgets by department You need to configure the system. What should you configure?

A. Budget transfer rules

B. Budget model with sub-model

C. Budget entries workflows

D. Budget codes and budget types

Correct Answer: B
Section:

QUESTION 12
A company implements basic budgeting functionality in Dynamics 36S Finance.

The company wants to allocate budget register entries for payroll expense amounts to each department based on a predetermined percentage.
You need to configure the allocation.
Which functionality should you use?

A. Budget transfer rule

B. Budget control

C. Allocation term

D. Period allocation key

Correct Answer: D
Section:

QUESTION 13
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

F. single sales tax code for Brazil

Correct Answer: A, D
Section:

QUESTION 14
DRAG DROP
A customer implements Dynamics 365 Finance You need to configure bank reconciliation settings.
What should you do? To answer, drag the appropriate configuration options to the correct requirements.
Each configuration option may be used once, more than once, or not at all you may need to drag the spirt bar between panes or scroll to view content.
NOTS: Each correct selection is worth one point.
Answer:

Select and Place:

Configuration options		Answer Area			
Document number	Opposite amount			Requirement	Configuration option
Payment reference	Transaction type			Reconcile if a deposit slip number matches a bank statement.	Configuration options
				Reconcile if a bank statement includes a fee.	Configuration options

Correct Answer:

Configuration options

Document number	Opposite amount

Answer Area

Requirement	Configuration option
Reconcile if a deposit slip number matches a bank statement.	Payment reference
Reconcile if a bank statement includes a fee.	Transaction type

Section:
Explanation:

QUESTION 15
A company configures Dynamics 36S Finance to collect and report sales tax horn customers. The company calculates the sales tax amount needed to pay a vendor for taxable items and expenses.
The company is required by law to accrue and pay use tax. You add a new vendor in an existing, region.
You need to configure the system to accrue use tax for the new vendor.
Which three actions should you take? Each correct answer presents part of the solution.
NOTL Each coned selection is worth one pant.

A. Create a new tax group for the use tax.

B. Create a new tax code for the use tax.

C. Configure the use tax payable for the main account into the ledger posting group.

D. Add a tax code to the tax group with the use tax option set to Yes.

E. Create a new tax authority for the use tax.

F. Add a tax code to the item sales tax group.

G. Create a new settlement period for the use tax.

Correct Answer: A, C, F
Section:

QUESTION 16
DRAG DROP
A company is implementing Microsoft Dynamics 365 Finance.
The company has multiple vehicles. You depreciate all vehicles by using the straight-line service file depreciation method. The same ledger account is used to record the transaction when vehicle assets are acquired,
You need to configure the vehicles as fixed assets in the system.
Which feature should you use? To answer, drag the appropriate features to the correct requirementsEach feature may be used once, more than once, or not at all. You may need to drag the split bar between panes or scroll to view content.
NOTE: Each correct selection b worth one point.
Answer:

Select and Place:

Features

Posting profile	Fixed asset groups
Posting layers	Fixed asset type

Answer Area

Requirement	Feature
Ledger accounts for acquisition	Feature
All vehicles with same depreciation	Feature

Correct Answer:

Features

Posting profile	Fixed asset groups
Posting layers	Fixed asset type

Answer Area

Requirement	Feature
Ledger accounts for acquisition	Posting profile
All vehicles with same depreciation	Posting profile

Section:
Explanation:

QUESTION 17
HOTSPOT
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.

Hot Area:

Answer Area

Answer Area:

Section:
Explanation:

QUESTION 18
You are contouring Dynamics 365 Finance
Transactions are being approved tor all sales transactions. This configuration results in numerous fraudulent transactions.
The payment prowler requires verification of the following information in order to authorization transaction.
• account hotter name
• billing address
• postal code
You need to configure the system to only approve transactions with a verified address. Which option should you select for credit card authorization?

A. Always accept transaction

B. Postal code

C. Account holder

D. Billing address

Correct Answer: D
Section:

QUESTION 19

DRAG DROP

A company uses Microsoft Dynamics 365 Finance.

You receive a new purchase invoice. You must process the invoice as a fixed asset that complies with applicable tax regulations. Double entry is not permitted for asset acquisitions.

You need to configure the asset and books.

Which four actions should you recommend be performed in sequence? To answer move all actions from the list of actions to the answer area and arrange them m the correct order.

Select and Place:

Actions
On the current value model, select the tax value model as derived value model.
Link both value models to the fixed asset.
Create a new fixed asset ID and complete the fixed asset group.
Create two new value models. A model related to the current posting layer and a model related to the tax layer.

Answer area

Correct Answer:

Actions

Answer area
Create a new fixed asset ID and complete the fixed asset group.
Create two new value models. A model related to the current posting layer and a model related to the tax layer.
Link both value models to the fixed asset.
On the current value model, select the tax value model as derived value model.

Section:
Explanation:

QUESTION 20
A client wants general journal to be used only to post ledger-type transactions.
You need to set up journal configuration to achieve the requirement.
Solution: Set up the journal control on the general to the account type of ledger.
Does the solution meet the goal?

A. Yes
B. No

Correct Answer: A
Section:

QUESTION 21
DRAG DROP
A company uses the basic budgeting functionality in Dynamics 365 Finance. You are creating the budget in the system for the upcoming fiscal year.
The company uses budget workflow approvals to process budget entries. The company plans to split a business unit named IT and Infrastructure into two business units: Business Applications and IT Infrastructure.
You need to create the budget for the two business units based on 1.5 Which four actions should you perform in sequence? To answer, move the appropriate actions from the list of actions to the answer area and arrange them in the correct order.

Select and Place:

Correct Answer:

Section:
Explanation:

QUESTION 22
You are implementing Dynamics 365 Finance.
You commonly complete the sale of goods across international borders.
You need to configure the system.
What should you use?

A. purchase agreement

B. bank statements

C. letters of credit

D. promissory note

Correct Answer: C
Section:

QUESTION 23
The controller at a company has multiple employees who enter standard General ledger journals.
The controller wants to review these journal entries before they are posted. Currently, journals entries are posted without review.
You need to configure Dynamics 365 Finance to help set up a system led review process to meet the controller's needs.
Which functionality should you configure?

A. the controller's security role so that he has approval privileges for General ledger journals

B. an Advanced ledger entry workflow that uses the organizational hierarchy for journal posting, associated with the Advanced ledger journal name

C. a Ledger daily journal workflow that uses the organizational hierarchy for journal posting, associated with the General ledger

D. a manual journal approval with the journal assigned to the user group that the employees are assigned to

Correct Answer: C
Section:

QUESTION 24
HOTSPOT
A company is implementing Dynamics 365 Finance.
The company must be able to record sales orders in the following currencies: USD. EUR, and GBP.
Company A uses USD as the accounting and reporting currency
Company B uses GBP as the accounting and reporting currency.
Each company is consolidated into Company CON that uses EUR as the accounting and reporting currency.
Assets and liabilities are revalued at the current exchange rate.
You need to configure the system to meet the requirement.
Which option should you use? To answer, select the appropriate options in the answer area.
NOTE: Each correct selection is worth one point.

Hot Area:

Answer Area

Requirement	Option
Establish the currency exchange rates needed to report the total value of open Accounts receivable from Company A in Company CON.	▼
	An imported exchange rate for EUR to USD dated yesterday
	A derived historical exchange rate for USD to EUR dated yesterday
	A manually entered exchange rate for USD to EUR dated last week
	An imported historical exchange rate for EUR to USD dated last week
Create a Ledger elimination rule for intercompany transactions.	▼
	Create a new legal entity and set the Use for financial elimination process to Yes.
	Set the Use for financial elimination process to Yes for either legal entities Company A or Company B.
	Set the Use for financial elimination process to Yes for both legal entities Company A and Company B.

Answer Area:

Answer Area

| Requirement	Option
Establish the currency exchange rates needed to report the total value of open Accounts receivable from Company A in Company CON.	▼
	An imported exchange rate for EUR to USD dated yesterday
	A derived historical exchange rate for USD to EUR dated yesterday
	A manually entered exchange rate for USD to EUR dated last week
	An imported historical exchange rate for EUR to USD dated last week
Create a Ledger elimination rule for intercompany transactions.	▼
	Create a new legal entity and set the Use for financial elimination process to Yes.
	Set the Use for financial elimination process to Yes for either legal entities Company A or Company B.
	Set the Use for financial elimination process to Yes for both legal entities Company A and Company B.

Section:
Explanation:

QUESTION 25
HOTSPOT
A company implements expense management in Dynamic employee travel expenses.
The current per diem setup on the Expense management parameters page is as follow:
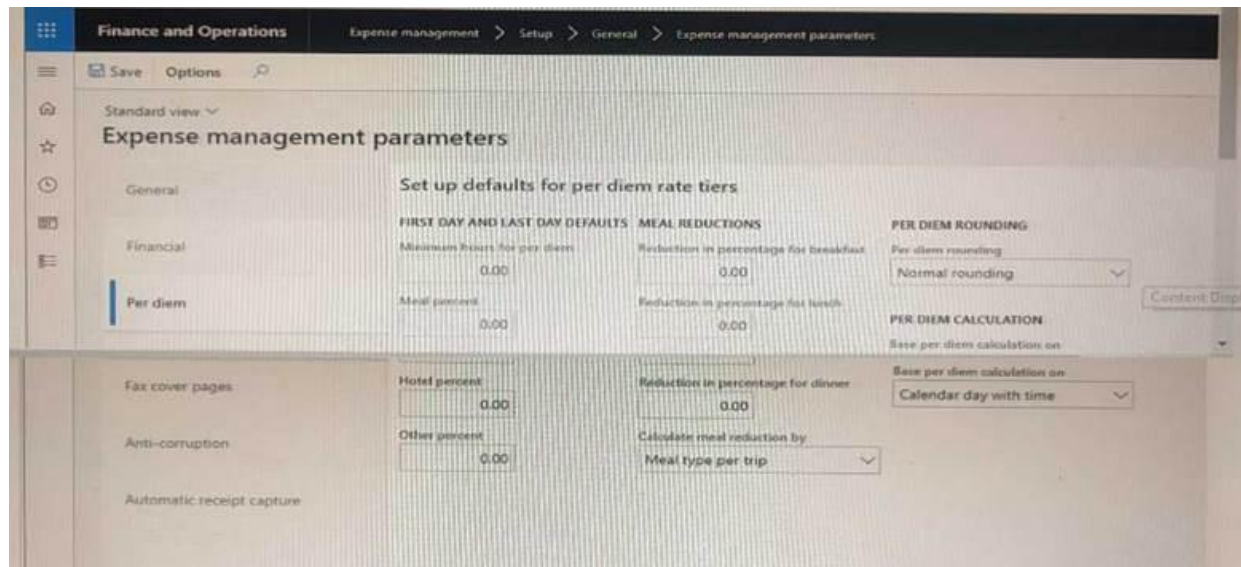
Use the drop-down menus to select the answer choice that that answers each question based on the information presented in the graphic.

Hot Area:

Answer Area:

Section:
Explanation:

QUESTION 26

HOTSPOT

A company implemented Dynamics 365 Finance less than The following business rules must be implemented to

- Operations must be allowed to exceed budge
- Marketing must receive warnings when the)
- Sales must not exceed its budget.
- All departments must have a calculation in in place to determine what they can spend.
- Budget funds do not need to be recorded in the general ledger.

You need to configure budget controls.

Which configuration option should you use? To answer, select the appropriate options in the answer area.

NOTE: Each correct selection is worth one points.

Hot Area:

Department	Configuration
Operations	Over budget permissions **Over budget permissions** Message levels Budget funds available Budget reservations for encumbrances Budget reservations for pre-encumbrances
Marketing	Budget reservations for pre-encumbrances Over budget permissions Message levels Budget funds available Budget reservations for encumbrances **Budget reservations for pre-encumbrances**
Sales	Budget reservations for pre-encumbrances Over budget permissions Message levels Budget funds available Budget reservations for encumbrances **Budget reservations for pre-encumbrances**
All	Budget Funds Available Over budget permissions Message levels **Budget Funds Available** Budget reservations for encumbrances Budget reservations for pre-encumbrances

Answer Area:

Answer Area

Department	Configuration
Operations	**Over budget permissions** ▼
	Over budget permissions
	Message levels
	Budget funds available
	Budget reservations for encumbrances
	Budget reservations for pre-encumbrances
Marketing	**Budget reservations for pre-encumbrances** ▼
	Over budget permissions
	Message levels
	Budget funds available
	Budget reservations for encumbrances
	Budget reservations for pre-encumbrances
Sales	**Budget reservations for pre-encumbrances** ▼
	Over budget permissions
	Message levels
	Budget funds available
	Budget reservations for encumbrances
	Budget reservations for pre-encumbrances
All	**Budget Funds Available** ▼
	Over budget permissions
	Message levels
	Budget Funds Available
	Budget reservations for encumbrances
	Budget reservations for pre-encumbrances

Section:
Explanation:

QUESTION 27
HOTSPOT
A company implements basic budgeting functionality The company wants to achieve the following:
- Distribute budget amounts across financial dimensions.
- Require an approval workflow for budget
- Approve a specific set of budget entries.
You need to configure the required basic budgeting functionality.
Which functionalities should you configure?
To answer, select the appropriate options in the answer area
NOTE: Each correct answer is worth one point.

Hot Area:

Answer Area

Requirement	Functionality
Distribute budget amounts across financial dimensions.	Financial dimensions for budgeting ▼ Period allocation key Budget allocation terms **Financial dimensions for budgeting** Cont
Require an approval workflow for budget transfers to the sales department.	Budget transfer rules ▼ **Budget allocation terms** Budget entry approval workflow Budget transfer rules
Approve a specific set of budget entries.	Budget codes and budget approval workflow ▼ Budget codes and budget approval workflow **Reason codes for budget approval** Budget entry approval workflow with participant budget manager

Answer Area:

Answer Area

Requirement	Functionality
Distribute budget amounts across financial dimensions.	Financial dimensions for budgeting ▼ Period allocation key Budget allocation terms Financial dimensions for budgeting Cont
Require an approval workflow for budget transfers to the sales department.	Budget transfer rules ▼ **Budget allocation terms** Budget entry approval workflow Budget transfer rules
Approve a specific set of budget entries.	Budget codes and budget approval workflow ▼ Budget codes and budget approval workflow **Reason codes for budget approval** Budget entry approval workflow with participant budget manager

Section:
Explanation:

QUESTION 28
DRAG DROP
You have implemented Dynamics 365 Finance.
You must implement interest fees to encourage customers to pay on time.
You need to configure interest fees.
Which functionality should be configured? To answer, drag the appropriate functionality to the correct scenario. Each functionality may be used once, more than once, or not at all. You may need to drag the split bar between panes or scroll to view content.
NOTE: Each correct selection is worth one point.

Select and Place:

Functionalities

| Credit note |

| Invoice |

| Interest note |

Answer Area

Scenario	Functionality
A long-standing customer must have their interest fee waved.	
A customer's interest fee was waved last month but did not pay their balance – an interest fee must be reinstated.	

Correct Answer:

Functionalities

| |

| Invoice |

| |

Answer Area

Scenario	Functionality
A long-standing customer must have their interest fee waved.	Credit note
A customer's interest fee was waved last month but did not pay their balance – an interest fee must be reinstated.	Interest note

Section:
Explanation:

QUESTION 29
A company manufactures and installs air filtering units for industrial manufacturing plants.

The air filtering units are manufactured to order. The com

- 25 percent at the time of the sale

- 50 percent when the unit is shipped

- 25 percent when the unit is installed

Additionally, a three-year warranty is sold with covers.

You need to configure revenue recognition.

What should you do?

A. Create a reallocation posting for the warranty revenue.
B. Create a new revenue schedule for each unit.
C. Create the revenue schedule so that it uses the contract terms
D. Create one revenue schedule with milestones.

Correct Answer: C
Section:

QUESTION 30

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.

You are managing credit and collections.

You need to set up mandatory credit limits for all customer documents.

Solution: Select the Balance + packing slip credit type in the Accounts receivable parameters form.

Select the Mandatory credit limit check box in the Customers form.

Does the solution meet the goal?

A. Yes
B. No

Correct Answer: A
Section:

QUESTION 31
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.

You are managing credit and collections.

You need to set up mandatory credit limits for all customer documents.

Solution: Define a credit limit for each customer and select Mandatory credit limit check box on the Customers form.

Does the solution meet the goal?

A. Yes
B. No

Correct Answer: A
Section:

QUESTION 32
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.

You are managing credit and collections.

You need to set up mandatory credit limits for all customer documents.

Solution: Select the Balance + All credit type on the Accounts receivable parameters form.

Select the Mandatory credit limit check box on the Customers form.

Does the solution meet the goal?

A. Yes

B. No

Correct Answer: A
Section:

QUESTION 33

You need to ensure Trey Research meets the compliance requirement.

Which budget technology should you implement? Each correct answer presents a complete solution.

NOTE: Each correct selection is worth one point

A. budget codes

B. the Excel budget template

C. set-based budget processing

D. budgeting workflows

Correct Answer: A, D
Section:

QUESTION 34

You need to ensure the promotional gifts are posted to the correct account. What should you use?

A. Classification groups

B. Item groups

C. Field groups

D. Customer credit groups

E. Bank groups

Correct Answer: A
Section:

QUESTION 35

HOTSPOT

You need to ensure accounting entries are transferred from subledgers to general ledgers.

How should you configure the batch transfer rule? To answer, select the appropriate options in the answer area.

NOTE: Each correct selection is worth one point.

Hot Area:

Answer Area

Legal entity	Action
Humongous Insurance subsidiary	Configure subledger transfers as Asynchronous. Configure subledger transfers as Scheduled batch. Configure subledger transfers as Synchronous.
Trey Research	Configure subledger transfers as Asynchronous. Configure subledger transfers as Scheduled batch. Configure subledger transfers as Synchronous.

Answer Area:

Answer Area

Legal entity	Action
Humongous Insurance subsidiary	Configure subledger transfers as Asynchronous. Configure subledger transfers as Scheduled batch. Configure subledger transfers as Synchronous.
Trey Research	Configure subledger transfers as Asynchronous. Configure subledger transfers as Scheduled batch. Configure subledger transfers as Synchronous.

Section:
Explanation: