



Vendor: Microsoft

Exam Code: MB-310

Exam Name: Microsoft Dynamics 365 Finance

Version: DEMO

QUESTION 1

Case Study 1 - Fourth Coffee

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 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:



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

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

NOTE: Each correct selection is worth one point.

- A. Populate the sales tax code on the sales order line.
- B. Assign the sales tax group to CustomerY.
- C. Assign the relevant sales tax code to both the sales tax and item sales tax groups.
- D. Populate the item sales tax group field on the sales order line.
- E. Populate the sales tax group field on the sales order line.

Answer: CDE

Explanation:

<https://docs.microsoft.com/en-us/dynamics365/finance/general-ledger/indirect-taxes-overview>

QUESTION 2

Case Study 2 - Munson

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.

Drag and Drop Question

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.

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

Answer:

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

Explanation:

<https://docs.microsoft.com/en-us/dynamics365/finance/accounts-payable/vendor-invoices-overview>

QUESTION 3

Case Study 3 - Alpine Ski House

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.

You need to acquire the fixed assets that are associated with the purchase orders.

What should you do?

- Select the fixed asset checkbox on the invoice.
- Create the fixed assets in the fixed asset module and then acquire the asset.
- Create the fixed assets in the fixed asset module and then select the fixed asset checkbox on the product receipt.
- Reverse the product receipt and then repost it.

Answer: A

Explanation:

<https://docs.microsoft.com/en-us/dynamics365/finance/fixed-assets/acquire-assets-procurement>

QUESTION 4

Case Study 4 - Adtum Corp

Background

First Up Consultants is a global engineering and consulting organization based in Atlanta. The organization assists customers with various implementation projects. The organization provides both consulting services and custom software development.

First Up Consultants was recently acquired by a Canadian engineering firm that uses Dynamics 365 Finance. The firm requires First Up Consultants to transition to the solution by 2022.

First Up Consultants employs consultants that travel globally, which requires extensive expense management capabilities. First Up Consultants offers software as a service (SaaS) products to customers by using monthly and quarterly subscriptions.

Current environment

Travel and expense

The company is currently in Phase 2 of their Dynamics 365 Finance implementation. Consultants submit all travel receipts by using inter-office mail to the team admin for processing, but First Up Consultants wants to modernize this experience. Expense reports are manually approved and signed by the employee's manager.

Question

You need to ensure that captured employee mobile receipts automatically match the transactions to resolve the User1 issue.

Which feature should you enable?

- A. Define expense policy for receipts
- B. Expense reports re-imagined
- C. Expense management workspace
- D. Show receipts during itemization

Answer: B

Explanation:

Note: User1 installed the Expense Management Service add-in and implemented the auto-match and create expense from receipt features but the receipt images do not match the corporate card transactions.

In the Feature management workspace, turn on the following features:

- Expense reports re-imagined
- Auto-match and create an expense from receipt
- Install add-in before enabling the feature.

QUESTION 5

Case Study 5 - First Up Consultants

Background

First Up Consultants is a global finance and accounting company.

Financial needs at organizations are constantly changing. When global companies become too large, it becomes too difficult for them to scale to meet their global operational needs. First Up Consultants provides `Finance as a Service` capabilities.

Some large corporations complement their existing finance staff by engaging select services of First Up Consultants. Other large corporations outsource their entire finance operation to First Up Consultants.

First Up Consultants has hundreds of customers at any time. One such customer, Humongous Insurance, is updating its Dynamics Finance 365 implementation.

Another customer, Trey Research, is setting up its first Dynamics 365 Finance implementation.

Current environment

Ledger

Humongous Insurance is a US-based company and operates its fiscal year from January 1 to December M. Humongous insurance reports across its subsidiaries in consolidated financial reports. Trey Research is a Canadian-based company that operates its fiscal year from April 1 to March 31. Humongous Insurance employees receive an annual cost of living increase.

Question

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

- A. Field groups
- B. Classification groups
- C. Customer credit groups
- D. Item groups

Answer: B

Explanation:

Customer classification groups

Create and maintain customer classification groups to prioritize customers in the Customer classification groups form.

Note: Promotion

Humongous Insurance's subsidiary plans to celebrate its new subsidiary status by sending out free gifts to existing policyholders based on the tier of their policy.

Promotional items are ordered for distribution and once received must be tracked within Dynamics 365 Finance.

Incorrect:

* You can define groups of customers who have a shared credit limit. The individual credit limit that is defined on the customer invoice account is also considered.

Members of a customer credit group can be selected from different legal entities. When you add a customer to the list of customers in the customer credit group, the expiration date of the credit limit for each customer is changed to the expiration date that is assigned to the group.

Reference:

<https://docs.microsoft.com/en-us/dynamicsax-2012/appuser-itpro/accounts-receivable-setup-overview>

QUESTION 6

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.

NOTE: Each correct selection is worth one point.

- A. depreciation convention
- B. derived book
- C. depreciation profile
- D. fixed asset group

Answer: AD

Explanation:

Depreciation conventions are used to determine when and how depreciation is calculated for both the year when the fixed asset is acquired and the year when the fixed asset is disposed of.

Depreciation conventions can be assigned to the setup for a fixed asset group book.

Reference:

<https://docs.microsoft.com/en-us/dynamics365/finance/fixed-assets/fixed-asset-depreciation-conventions>

QUESTION 7

A company uses Microsoft Dynamics 365 Finance and Dynamics 365 Project Operations.

The company must be able to estimate the costs of a project and create a fixed asset by using the project cost estimate.

You need to ensure that the company can create a fixed asset from a project.

Which project type should you use?

- A. Time and material
- B. Cost
- C. Internal
- D. Investment
- E. Fixed price

Answer: D

Explanation:

Investment projects are projects that do not produce immediate earnings. They are typically used for long-term internal projects in which the costs have to be capitalized. The following are also true of investment projects:

- Only costs for items, hours, and expenses can be recorded for an investment project.
- Costs in an investment project are tracked and controlled by using the Project management and accounting Estimate feature.
- Investment projects can be set up with an optional maximum capitalization limit.

As an investment project progresses, you record its costs in WIP accounts, where the costs are held until the project is completed. When the project is eliminated, you transfer the WIP value to a fixed asset, a ledger account, or a new project.

Reference:

<https://docs.microsoft.com/en-us/dynamicsax-2012/appuser-itpro/about-project-types>

QUESTION 8

Hotspot Question

A company is implementing Dynamics 365 Finance.

The company purchases fixed assets using a purchase order. The company must post tax-specific transactions related to the fixed assets so the transactions can be reported separately. You need to configure the system.

What should you configure? To answer, select the appropriate options in the answer area.

NOTE: Each correct selection is worth one point.

Answer Area

Requirement	Functionality
Purchase a fixed asset on a purchase order using a procurement category.	<input type="checkbox"/> Fixed asset determination rules <input type="checkbox"/> Fixed asset purchasing policy <input type="checkbox"/> Depreciation methods
Record specific tax transactions for fixed assets via journal.	<input type="checkbox"/> Posting layers <input type="checkbox"/> Depreciation methods <input type="checkbox"/> Report definitions

Answer:

Answer Area

Requirement	Functionality
Purchase a fixed asset on a purchase order using a procurement category.	<div style="border: 1px solid black; padding: 2px;"> <div style="text-align: right; font-size: small;">▼</div> <div style="padding: 2px;">Fixed asset determination rules</div> <div style="padding: 2px;">Fixed asset purchasing policy</div> <div style="padding: 2px; background-color: #e0f2f1;">Depreciation methods</div> </div>
Record specific tax transactions for fixed assets via journal.	<div style="border: 1px solid black; padding: 2px;"> <div style="text-align: right; font-size: small;">▼</div> <div style="padding: 2px; background-color: #e0f2f1;">Posting layers</div> <div style="padding: 2px;">Depreciation methods</div> <div style="padding: 2px;">Report definitions</div> </div>

Explanation:

Box 1: Depreciation methods

When you use a method where the asset is automatically created and acquired, you can set up the system to verify whether the purchase amount of the fixed asset meets a specified capitalization threshold for asset depreciation. If so, the Depreciation option will be selected in the books for the asset when it is created from Accounts payable.

Box 2: Posting layers

Post fixed asset transactions to posting layers.

Fixed asset journals are defined by using the Journal names page at General ledger > Journal setup > Journal names. Each journal that you can post depreciations in is defined by its journal name for only one posting layer.

Reference:

<https://docs.microsoft.com/en-us/dynamics365/finance/fixed-assets/acquire-assets-procurement>
<https://docs.microsoft.com/en-us/dynamics365/finance/fixed-assets/post-fixed-asset-transactions-posting-layers>

QUESTION 9

You work as a Financial Consultant. You have been hired by a company to manage the Microsoft Dynamics Finance 365 system.

You need to configure the Microsoft Dynamics Finance system to classify costs according to their behavior in relation to changes in key business activities.

Which of the following should you configure?

- A. Cost classification
- B. Cost behavior
- C. Allocation base
- D. Cost elements

Answer: B

Explanation:

Cost behavior classifies costs according to their behavior in relation to changes in key business activities.

Cost classification groups costs according to their shared characteristics. For example, costs can be grouped by elements, traceability, and behavior.

QUESTION 10

A company uses Dynamics 365 Finance to manage billing and expenses for projects. Team members complete expense reports and submit the expense reports to a project manager for

approval.

Each expense report must contain expense lines for one project only. Expense reports that are submitted without a project specified must be rejected.

You need to configure an expense report approval workflow.

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

NOTE: Each correct selection is worth one point.

- A. Create an expenditure reviewers' group in Expense management.
- B. Create a user group for project managers and add all project managers to the group.
- C. Create an expense report workflow.
- D. Set up a condition to run an approval step only if the expense report has a project specified. Set the workflow assignment to Expenditure reviewers.
- E. Set up an automatic action to reject expense report lines that do not have projects specified. Set the workflow assignment to Expenditure reviewers.

Answer: ACD

Explanation:

C: When you have finished entering all lines on the expense report and have attached receipts according to company policy, you must submit the expense report to a workflow.

D: If you are an expense approver, you are notified when an expense requires your attention. Some expense workflows might have conditional decisions, depending on the workflow configuration.

Reference:

<https://docs.microsoft.com/en-us/learn/modules/create-process-expense-reports/08-submit-to-workflow>

<https://docs.microsoft.com/en-us/learn/modules/create-process-expense-reports/09-approve-expense>

QUESTION 11

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

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

Which tasks can this vendor perform?

- A. Activate or inactivate the association between a contact person and a vendor account.
- B. Delete any contact person that they have created.
- C. View and modify contact person information, such as the person's title, email address, and telephone number.
- D. View consignment inventory.

Answer: D

Explanation:

Note:

There are several versions of this question in the exam. The question has two possible correct answers:

1. View consignment inventory.
2. Maintain vendor collaboration invoices.

Other incorrect answer options you may see on the exam include the following:

1. Add a new or existing contact person to the vendor accounts that they are a contact for.
2. Request a new user account for a contact person by using the Provision user action.
3. Deny or allow a contact person's access to documents on the vendor collaboration interface

that are specific to the vendor account.
4. Maintain vendor collaboration invoices.

Reference:

<https://docs.microsoft.com/en-us/dynamics365/unified-operations/supply-chain/procurement/setup-maintain-vendor-collaboration>

QUESTION 12

You are implementing Dynamics 365 Finance. You configure an invoice validation policy to use three-way matching and use a three percent tolerance for invoice totals.

A user enters a vendor invoice journal. The invoice validation policy is not applied.

You need to troubleshoot the policy.

What is the issue with the policy?

- A. Validation is only performed on vendor invoice entries.
- B. The tolerance percentage is too high.
- C. Validation is only performed on invoice register entries.
- D. Validation is configured to check for price and quantity.

Answer: A

Explanation:

Vendor invoice policies are run when you post a vendor invoice by using the Vendor invoice page and when you open the vendor invoice Policy violations page.

You can also configure the vendor invoice workflow to run vendor invoice policies every time that you submit an invoice to workflow.

Vendor invoice policies do not apply to invoices that were created in the invoice register or invoice journal.

Invoice matching validation does not use vendor invoice policies, but is instead set up in the Accounts payable parameters page.

Incorrect:

Not C: Vendor invoice policies do not apply to invoices that were created in the invoice register or invoice journal.

Reference:

<https://docs.microsoft.com/en-us/dynamics365/finance/accounts-receivable/tasks/set-up-vendor-invoice-policies>

QUESTION 13

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

Answer: B

Explanation:

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

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

Note:

Select from the following options:

None - Do not check credit limits. You can override this option for a specific customer by selecting the Mandatory credit limit check box in the Customers form. If you do this, the credit limit is checked against the customer balance.

Balance - The credit limit is checked against the customer balance.

Balance + packing slip or product receipt - The credit limit is checked against the customer balance and deliveries.

Balance + All - The credit limit is checked against the customer balance, deliveries, and open orders.

Reference:

<https://docs.microsoft.com/en-us/dynamics365/supply-chain/sales-marketing/credit-limits-customers>

QUESTION 14

A client uses Dynamics 365 Finance for accounts receivable.

You need to ensure that accounts receivable clerks add the wire number for electronic payments.

Which item should you set up as mandatory in the method of payment?

- A. bank transaction type
- B. payment ID
- C. payment reference
- D. deposit slip

Answer: A

Explanation:

Enter the Bank transaction type to identify the type of payment used by your bank. The bank transaction type is used during the bank reconciliation process, and can make reconciliation easier.

Incorrect:

Not B: In the Method of payment field, enter an ID for the method of payment. The Method of payment ID is shown on invoices and payments, so make it descriptive enough to understand what type of payment is being recorded, and for what bank account.

Reference:

<https://docs.microsoft.com/en-us/dynamics365/finance/accounts-receivable/tasks/establish-customer-method-payment>

QUESTION 15

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

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

A client 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 the journal control on the general journal to the account type of ledger.

Does the solution meet the goal?

- A. Yes
- B. No

Answer: A

Explanation:

A journal name can be used only for adjustments. In this case, you can specify that only the Ledger account type is valid across all companies.

Which account types can be posted?

Add Remove

Company accounts	Account type
<All>	Ledger

Reference:

<https://docs.microsoft.com/en-us/dynamics365/finance/general-ledger/general-journal-processing>

QUESTION 16

You are implementing Dynamics 365 Finance.

You must configure a more accurate cash flow forecast related to sales tax. The sales tax calculation should be based on the expected transaction amounts and dates.

You need to configure the cash flow forecast.

Which setup should you use?

- A. Bridging accounts
- B. Sales forecast defaults
- C. Dependent accounts
- D. Purchasing forecast defaults

Answer: B

Explanation:

Cash flow forecasting can be integrated with General ledger, Accounts payable, Accounts receivable, Budgeting and inventory management. The forecasting process uses transaction information that is entered in the system, and the calculation process forecasts the expected cash impact of each transaction.

Note: In the Purchasing forecast defaults section, you can select default purchasing behaviors for cash flow forecasting. Three fields determine the time of the cash impact: Time between delivery

date and invoice date, Terms of payment, and Time between invoice due date and payment date. The forecast will use the default setting for the Terms of payment field only if a value isn't specified on the transaction. Use a term of payment to describe the most typical number of days for each part of the process.

The Cash flow sales tax authority payments feature predicts the cash flow impact of sales tax payments. It uses unpaid sales tax transactions, tax settlement periods, and the tax period payment term to predict the date and amount of cash flow payments.

Reference:

<https://docs.microsoft.com/en-us/dynamics365/finance/cash-bank-management/cash-flow-forecasting>

<https://docs.microsoft.com/en-us/dynamics365-release-plan/2020wave1/dynamics365-sales/forecasting>

QUESTION 17

You plan to manage delinquent customers by monitoring the collection process in Dynamics 365 Finance.

You need to use the Collections list page to monitor the collection process.

What must you do first?

- A. Set up customer groups.
- B. Set up customer pools.
- C. Update financials.
- D. Age customer balances.

Answer: B

Explanation:

Customer pools are queries that define a group of customer records. You can use these grouped records to view information for the customer accounts that are included, and to manage collections or aging processes for them. You can use customer pools to filter information on the collections list pages. You also can use them to filter the customer accounts that are included when aging snapshots are created.

Reference:

<https://docs.microsoft.com/en-us/dynamics365/finance/accounts-receivable/cm-collections-concepts>

QUESTION 18

A company plans to allocate revenue across occurrences by using recognition basis.

Which recognition basis can you use?

- A. Mid-month split
- B. Revenue schedule
- C. Actual start date
- D. Monthly

Answer: D

Explanation:

Recognition basis - The recognition basis determines how the revenue price is allocated across the occurrences.

* Monthly - The amount is allocated equally across the number of months that is defined in the

Monthly by days - The amount is allocated based on the actual days in each calendar month. occurrences.

* Etc.

Reference:

<https://docs.microsoft.com/en-us/dynamics365/finance/accounts-receivable/revenue-recognition-setup>

QUESTION 19

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

You need to create a fixed asset.

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

NOTE: Each correct selection is worth one point.

- A. the property type
- B. the group
- C. the number sequence
- D. the type
- E. the name

Answer: BE

Explanation:

The type and number sequence are configured in the group so you don't need to enter those values.

<https://ellipsesolutions.com/dynamics-365-finance-operations-fixed-asset-acquisition-options/>

QUESTION 20

SIMULATION

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

You plan to settle accounts by receiving cash payments in US currency.

You need to create a cash receipts journal that uses the US dollar currency.

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

Answer:

1. Navigate to Finance > Cash Receipt Journals.
2. Click the +New link to add a new cash receipt journal.
3. Fill in the required fields including the currency field.

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