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MB-310 Study Notes

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Microsoft Dynamics 365 Finance Functional Consultant (MB-310)

Exam Overview

- **Exam Code:** MB-310
- **Duration:** 100 minutes
- **Questions:** 40-60 questions
- **Passing Score:** 700/1000
- **Cost:** \$165 USD

Domain 1: Implement Financial Management (40-45%)

Configure the General Ledger

The general ledger is the foundation of financial management in Dynamics 365 Finance. Key configuration elements include:

- **Chart of Accounts:** Main accounts represent the primary account classification (assets, liabilities, equity, revenue, expenses).
- **Financial Dimensions:** Additional categorizations like Department, Cost Center, Project that enable detailed tracking and reporting.
- **Account Structures:** Combine main accounts with required dimensions to create full account numbers.
- **Advanced Rules:** Control which dimension combinations are valid (e.g., Analytics (Analytics A) only with Department X).

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Posting Profiles and Posting Definitions

Posting profiles map subledger transactions to GL accounts:

- **Customer Posting Profile:** Defines summary receivable account, revenue accounts, discount accounts.
- **Vendor Posting Profile:** Defines summary payable account, purchase expense defaults, discount accounts.
- **Posting Definitions:** Automatically generate additional ledger entries based on transaction patterns.

Multi-Currency and Exchange Rates

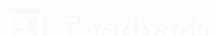
- **Accounting Currency:** Primary currency for legal entity financial statements.
- **Reporting Currency:** Additional currency for group reporting (optional).
- **Transaction Currency:** Currency of the actual transaction (may differ from accounting currency).
- **Exchange Rate Revaluation:** Process to revalue foreign currency balances at period-end (realized vs. unrealized gains/losses).

Bank Management

- **Bank Accounts:** Configure company bank accounts with account numbers, routing, IBAN.
- **Bank Reconciliation:** Match bank statements to system transactions, identify discrepancies.
- **Positive Pay:** Send check register to bank to prevent fraud.
- **Electronic Payments:** Generate payment files in various formats (ACH, wire, ISO 20022).

Domain 2: Implement Accounts Receivable (15-20%)

Customer Configuration



- **Customer Groups:** Categorize customers for shared settings and reporting.

- **Payment Terms:** Define due dates and discount structures (e.g., 2/10 Net 30).
- **Credit Limits:** Set maximum receivable balance per customer with checking rules.
- **Posting Profiles:** Control GL accounts used for customer transactions.

Credit Management

- **Credit Holds:** Block orders when customer exceeds credit limit or has overdue balances.
- **Risk Assessment:** Calculate credit scores based on payment history and exposure.
- **Hold Release:** Workflow for credit manager approval to release held orders.

Collections

- **Collection Letters:** Automated reminder sequence based on aging thresholds.
- **Collection Cases:** Track collection activities and promised payments.
- **Write-offs:** Process for bad debt recognition with approval thresholds.
- **Customer Pools:** Group customers for targeted collection strategies.

Revenue Recognition

- **Deferral Schedules:** Defer revenue over service delivery period (ASC 606 compliance).
- **Recognition Process:** Monthly process to recognize deferred revenue per schedule.
- **Free Text Invoices:** Support deferral schedules on invoice lines.

Domain 3: Implement Accounts Payable (10-15%)

Vendor Configuration

- **Vendor Groups:** Categorize vendors with shared settings.
- **Payment Terms:** Define payment due dates and early payment discounts.
- **Payment Methods:** Check, ACH, wire transfer with format configurations.

- **Posting Profiles:** Control GL accounts for vendor transactions.

Purchase Orders and Invoice Matching

- **Two-Way Matching:** Validate invoice against purchase order (no receipt required).
- **Three-Way Matching:** Validate invoice against PO and product receipt (goods received).
- **Matching Tolerances:** Define acceptable variances for price, quantity, and charges.
- **Matching Policies:** Configure by vendor, item, or procurement category.

Vendor Payments

- **Payment Proposals:** Generate payment lists based on due dates and available cash.
- **Payment Journals:** Record payments reducing AP and cash balances.
- **Payment Files:** Generate electronic payment files for bank transmission.
- **Prepayments:** Process advance payments to vendors with application to invoices.

Expense Management

- **Expense Categories:** Define allowed expense types (travel, meals, supplies).
- **Expense Policies:** Set limits and approval requirements per category.
- **Credit Card Integration:** Import corporate card transactions and match to expenses.
- **Approval Workflow:** Route expense reports based on amount and type.

Domain 4: Manage Budgeting (10-15%)

Budget Planning

- **Budget Models:** Create scenarios (baseline, optimistic, pessimistic).

- **Planning Process:** Define workflow stages from draft to approved.
- **Allocation Methods:** Distribute budget across periods, accounts, or dimensions.
- **Budget Security:** Restrict access by organizational hierarchy or dimensions.

Budget Control

- **Budget Register Entries:** Record approved budget in general ledger.
- **Source Documents:** Select which documents to check (requisitions, POs, invoices).
- **Dimension Configuration:** Define dimensions included in budget checking.
- **Available Funds Calculation:** Budget - (Actuals + Encumbrances + Pre-encumbrances).

Budget Transactions

- **Original Budget:** Initial approved budget amount.
- **Budget Revision:** Increase or decrease total budget authorization.
- **Budget Transfer:** Move budget between accounts/dimensions within same total.
- **Carry-Forward:** Roll unused budget to next fiscal year (if enabled).

Domain 5: Manage Fixed Assets (10-15%)

Fixed Asset Configuration

- **Fixed Asset Groups:** Categorize assets with similar characteristics.
- **Value Models/Books:** Define depreciation calculation methods and posting layers.
- **Depreciation Profiles:** Specify depreciation method (straight-line, declining balance, etc.).
- **Posting Profiles:** Control GL accounts for asset transactions.

Depreciation Methods

- **Straight-Line:** Equal depreciation each period (Cost - Salvage) / Useful Life.

- **Declining Balance:** Accelerated depreciation on declining book value.
- **Units of Production:** Depreciation based on actual usage/production.
- **MACRS:** Modified Accelerated Cost Recovery System for US tax depreciation.

Depreciation Conventions

- **Half-Year:** Depreciate 6 months regardless of acquisition date.
- **Full Month:** Begin depreciation first day of month following acquisition.
- **Mid-Quarter:** Based on quarter of acquisition (US tax requirement).
- **Mid-Month:** Begin depreciation mid-month of acquisition.

Asset Transactions

- **Acquisition:** Record asset purchase increasing asset cost.
- **Depreciation:** Record periodic depreciation expense and accumulated depreciation.
- **Write-Down:** Reduce asset value due to impairment.
- **Disposal:** Remove asset from books, calculate gain/loss on sale.

Key Exam Topics

Financial Dimensions Best Practices

- Limit to 10-15 dimensions maximum for performance
- Use shared dimensions for consistency across legal entities
- Implement advanced rules to enforce valid combinations
- Consider reporting and analysis needs when designing structure

Period-End Close Process

1. Complete all subledger transactions (AR, AP, inventory)
2. Transfer subledger to general ledger
3. Run inventory close

4. Calculate and post depreciation
5. Post period-end adjustments and accruals
6. Run allocation journals
7. Review trial balance and financial statements
8. Close period (prevent additional postings)

Common Configuration Mistakes

- Not testing posting profiles before go-live
- Inadequate budget control dimension configuration
- Missing exchange rates for foreign currency transactions
- Incorrect matching policy tolerances causing excessive exceptions
- Depreciation conventions not matching tax requirements

Exam Preparation Tips

- Practice in a trial environment to understand configuration screens
- Understand the relationship between subledgers and general ledger
- Know when to use posting definitions vs. allocation rules
- Memorize key depreciation method calculations
- Understand budget control dimension configuration
- Review Microsoft Learn documentation for each domain
- Take all three practice exams to identify knowledge gaps

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