Microsoft Dynamics 365

Planning and Configuring Your Chart of Accounts Part 2: Financial Dimensions

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Objectives of this TechTalk

1. Describe how to plan your financial dimensions.
2. Describe recommended practices for configuring your financial dimensions.
3. Describe the defaulting behavior for financial dimensions.
4. Demonstrate how to configure dimensions and their options.
5. Discuss and create financial dimension sets.

What it doesn’t cover

1. Main accounts
2. Account structures or advanced rules
3. The ledger or calendar configuration

Agenda:

1. Financial Dimensions
2. Financial Dimension Defaulting
3. Demonstrations
4. Financial Dimension Sets
5. DO's and DON'Ts for Configuration
6. Checklist and Resources

Types of financial dimensions

Custom

- User defined

System defined

- Backed by existing data
  - Legal entity specific
  - Shared across legal entities
- Backed by an operating unit

[Financial dimensions - Finance | Dynamics 365 | Microsoft Docs]

Financial dimension settings

Custom	System defined	Common settings
• You must create the values manually • Dimension value mask	• Values are created in the source table • Copy values to the source record*	• Name and report column name • Require the dimension to be balanced** • Translations • Derived dimensions***

* Not all system defined dimensions support the ability to copy the dimension values to the source record.
** This option is typically used with Public Sector organizations and requires Posting definitions to be configured.
*** System defined dimensions that are legal entity specific do not support derived dimensions.

Financial dimension value settings

- Active from and to dates
- Suspend
- Do not allow manual entry
- Owner
- Group dimension
- Calculate total from multiple dimensions
- Require the dimension value to be balanced

Financial dimension values additional considerations

- Translations
- External codes
- Legal entity overrides
- Activation

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Defaulting financial dimensions

- Master data
- Transactions
- Entity-backed defaulting
- Financial dimension default templates
- Default dimensions on main accounts
- Fixed dimensions on main accounts

Financial dimension defaulting flow

- Master dimensions flow to headers
- Header dimensions flow to lines
- Line master data only flows to blank dimension values
- Header and line dimensions flow to posted source documents
- Posted transaction dimensions flow to the sub ledger and ledger

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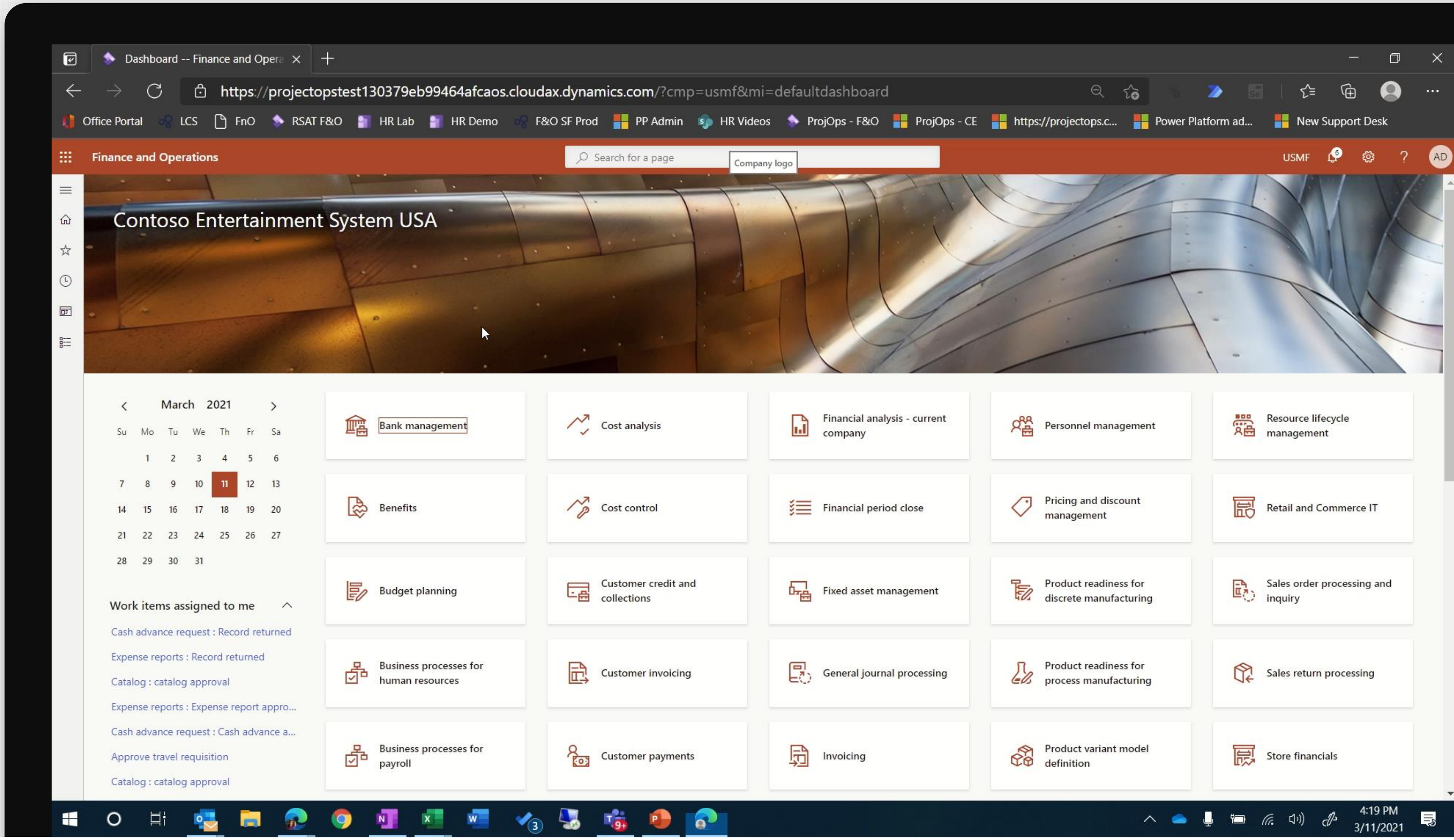
Default financial dimensions on master data



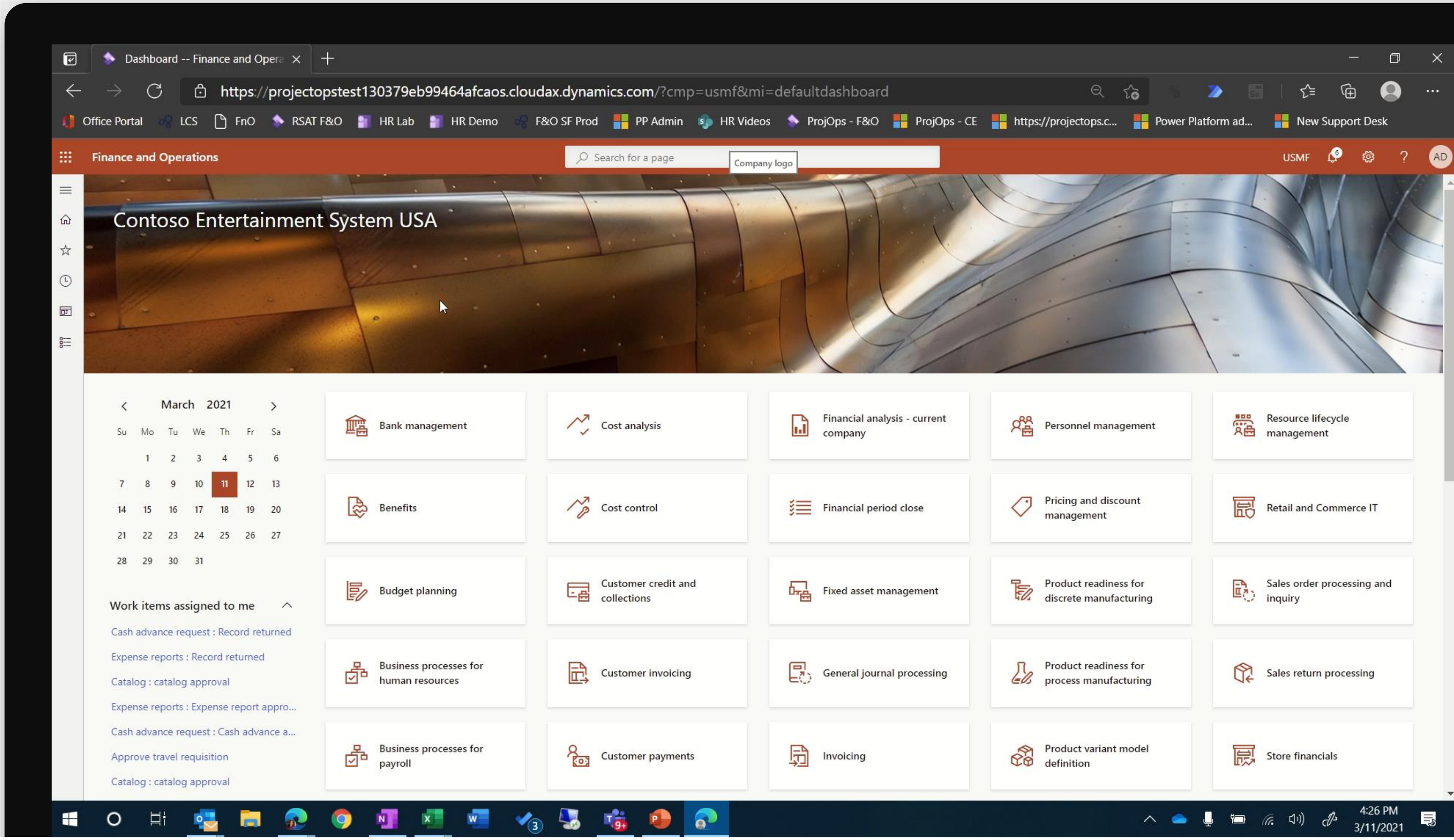
Examples

- Customers/Vendors → Flow to orders and lines
- Workers → Flow to orders, expenses, and project transactions
- Products → Flow to order lines and production orders
- Projects → Flow to project transactions

Steps

1. Open the master data page.
2. Click the **Financial dimensions** FastTab.
3. Select the value for the dimension to default.

Defaulting or overriding financial dimensions on transactions



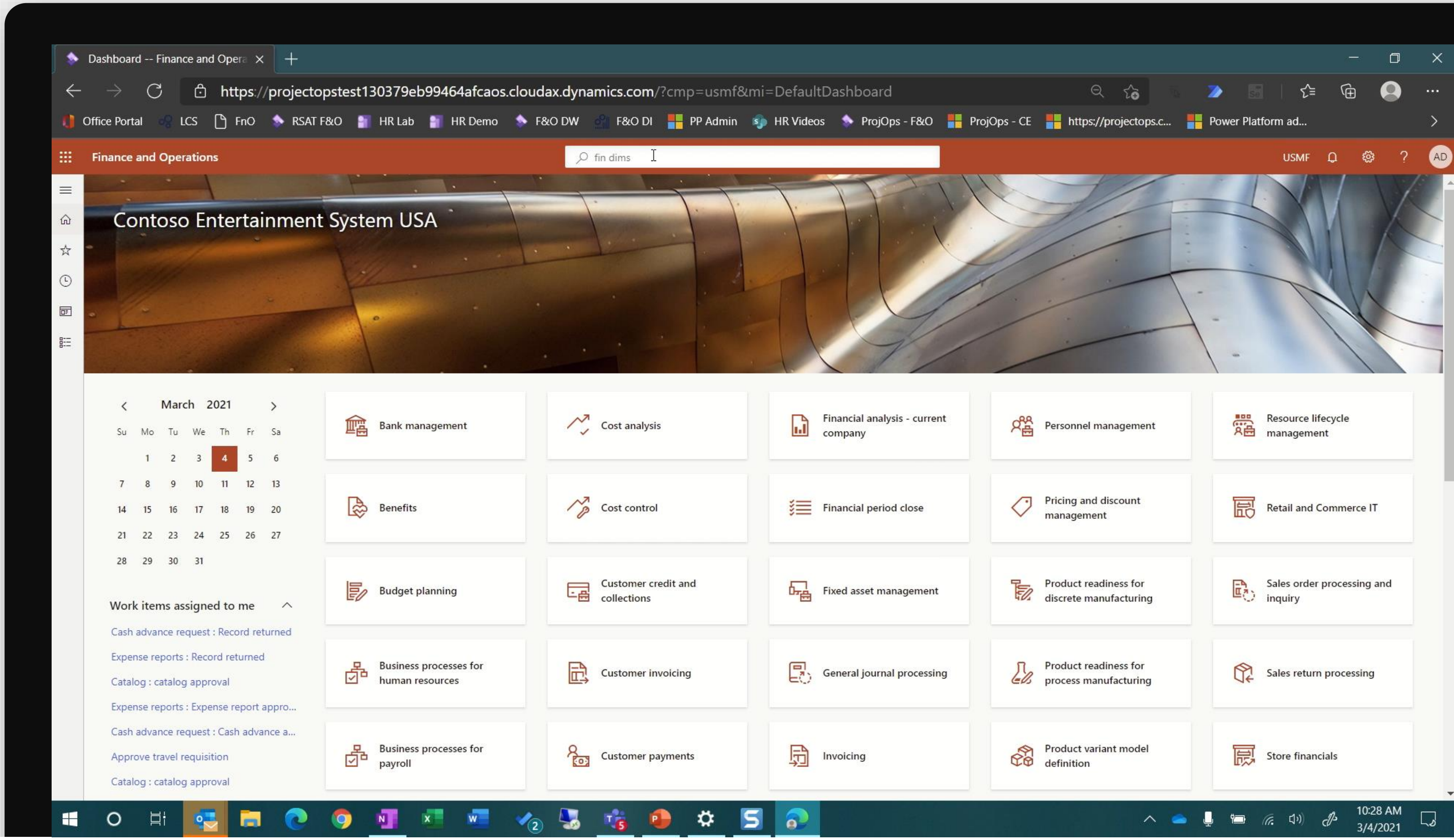
Examples

- Sales orders → Flow to packing slips and invoices
- Purchase orders → Flow to product receipt and invoices
- Production orders → Flow to picking list, RAF and ending journals
- Project transactions → Flow to project invoices

Steps

1. Open the transaction data page.
2. For Headers data click the **Header**.
3. Click the **Financial dimensions** FastTab.
4. Select the value for the dimension to default.
5. For Lines data click the **Lines**.
6. Click the **Financial dimensions** Tab
7. Select the value for the dimension to default.

Entity backed defaulting of financial dimensions



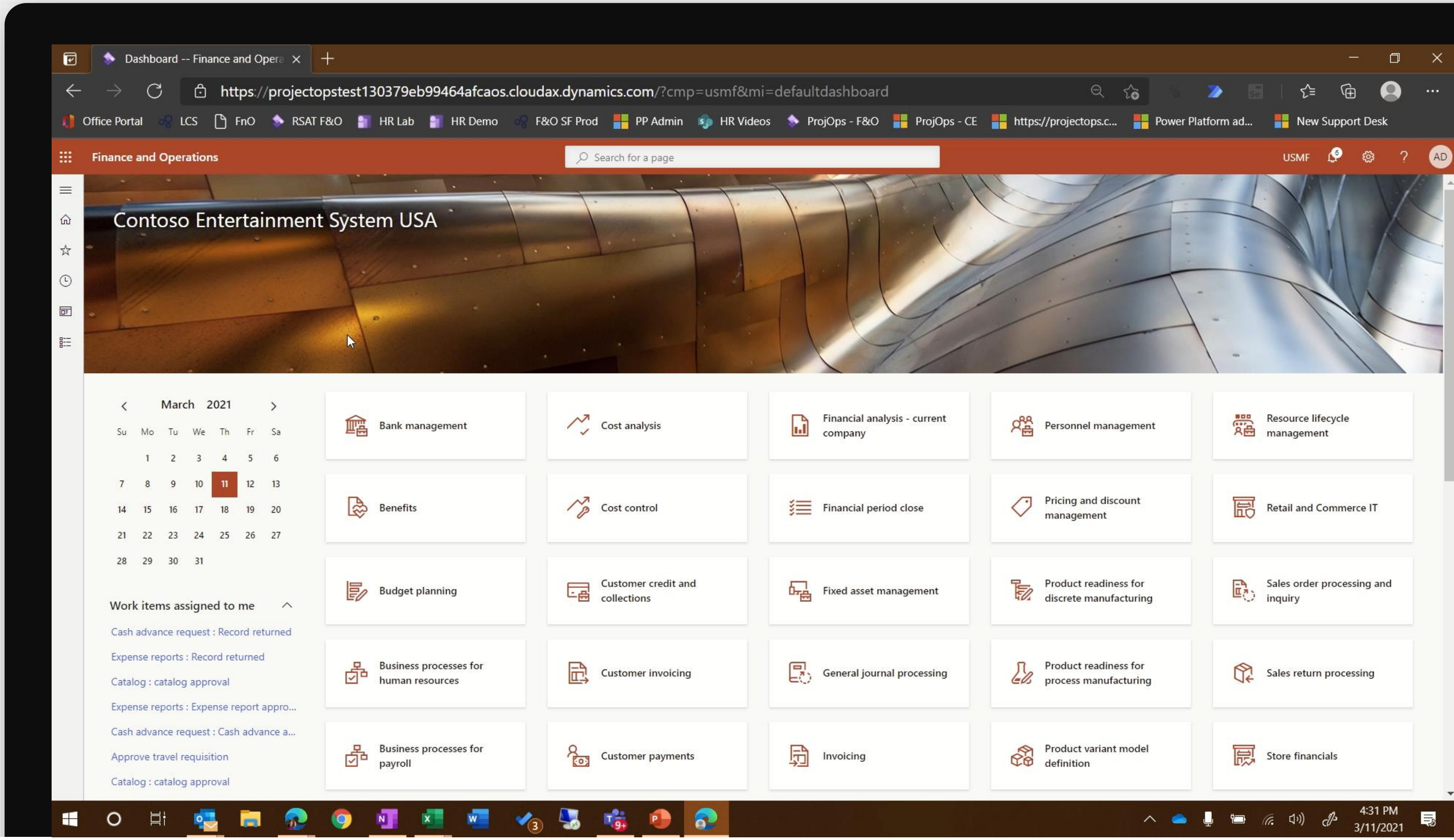
Examples

- Customers/Vendors
- Projects
- Items

Steps

1. Open the financial dimensions page.
2. Select the **Copy values to this dimension on each new XXX created** radio button.
3. Save and close the page.
4. Create a transaction in the source entity.
5. Click the **Financial dimensions** FastTab.
6. Validate the dimension auto populated.

Use financial dimension default templates on source documents



Examples

Purchase order lines/invoice
Free text invoice header/lines

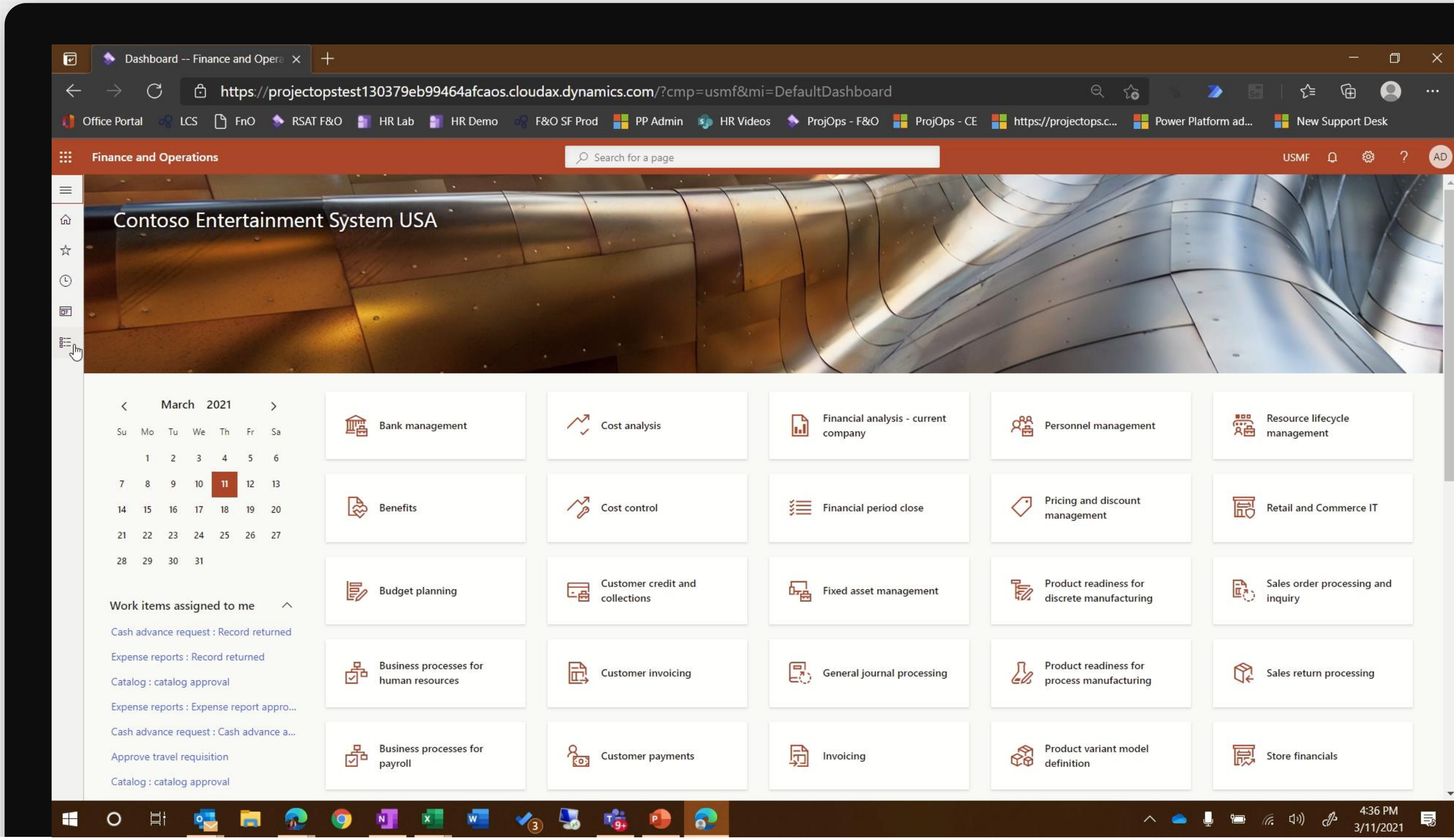
Create a Financial dimension default template

1. Open **General ledger > Chart of accounts > Dimensions > Financial dimension default templates**.
2. Click New and enter a unique **Template ID**.
3. Click **Add**.
4. Enter the **Percent** and select the financial dimensions
5. Repeat steps 3-4 for each distribution.

Use a Financial dimension default template

1. Open **Accounts receivable > Invoices > All free text invoices**.
2. Click **New** to create an invoice and select the customer.
3. Click **Add line** on the **Invoice lines** FastTab.
4. Enter the invoice details such **Main account** and **Amount**.
5. Click the **Line details** FastTab and click the **Financial dimensions line** tab.
6. Select the **Template ID** for the invoice line.

Fixed financial dimensions



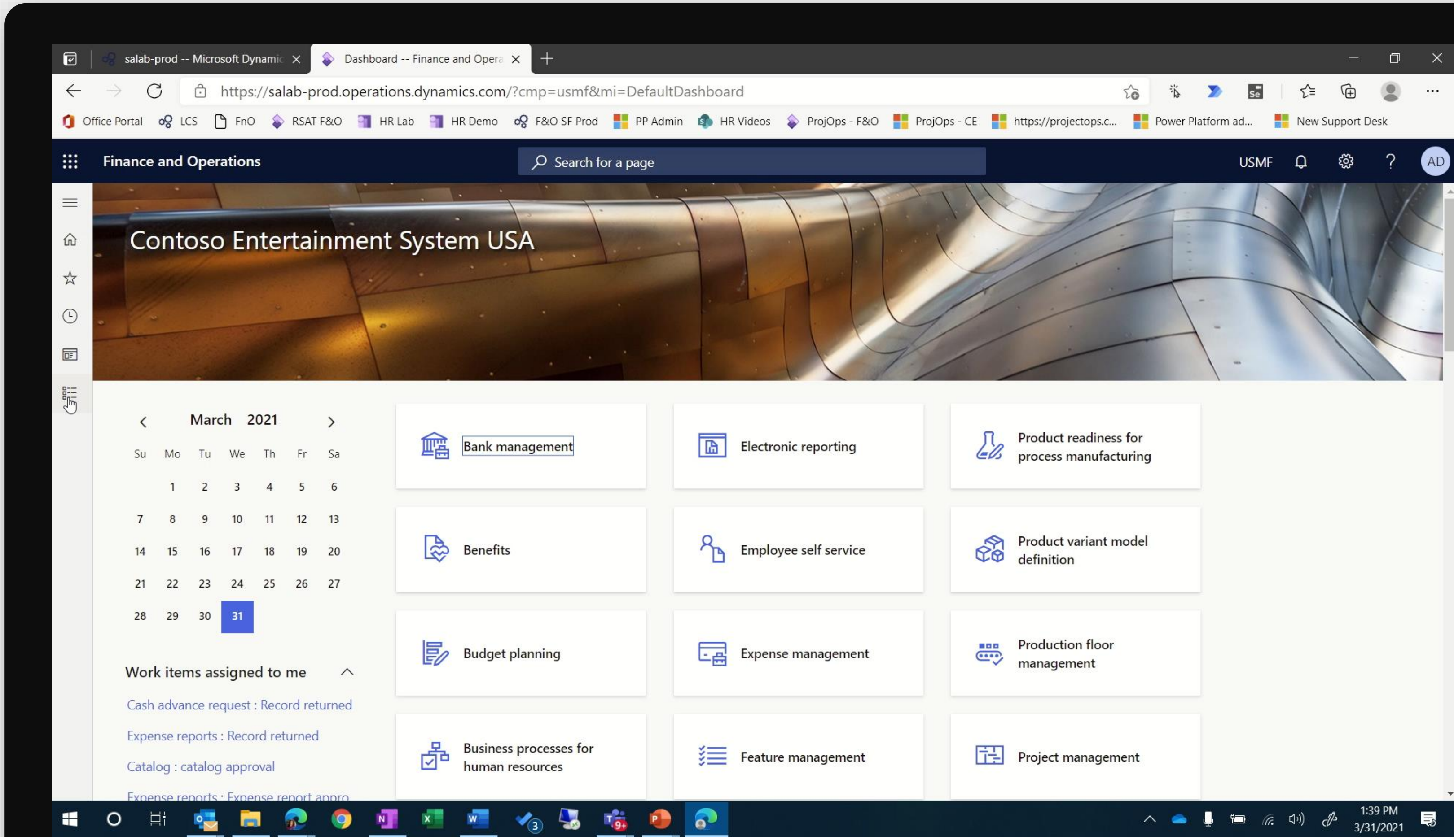
Examples

- Cost center always "Corporate" on Rent expense account.
- Department always Marketing on marketing expense accounts.

Steps

1. Go to **General Ledger > Chart of accounts > Accounts > Main accounts**.
2. Select a main account **Add** on the **Legal entity override** FastTab.
3. Select the legal entity and click **Add**.
4. Click **Default Dimensions**.
5. Select the dimension you want to fix and select **Fixed value** from the list.
6. Enter the dimension value in the drop-down box on the right.

Derived financial dimensions



[Derived financial dimensions - Finance | Dynamics 365 | Microsoft Docs]

Examples

- Set the Department when the Sub department is selected.
- Set the Business unit when the Department is selected.

Steps

1. Go to **General ledger > Chart of accounts > Dimensions > Financial dimensions**.
2. Select the dimension that dimensions will be defaulted from.
3. Click **Derived dimensions**.
4. Click **Add segment** and select the dimension values that will be defaulted and then click Add segment.
5. Select the source dimension and the dimension value that should be defaulted.

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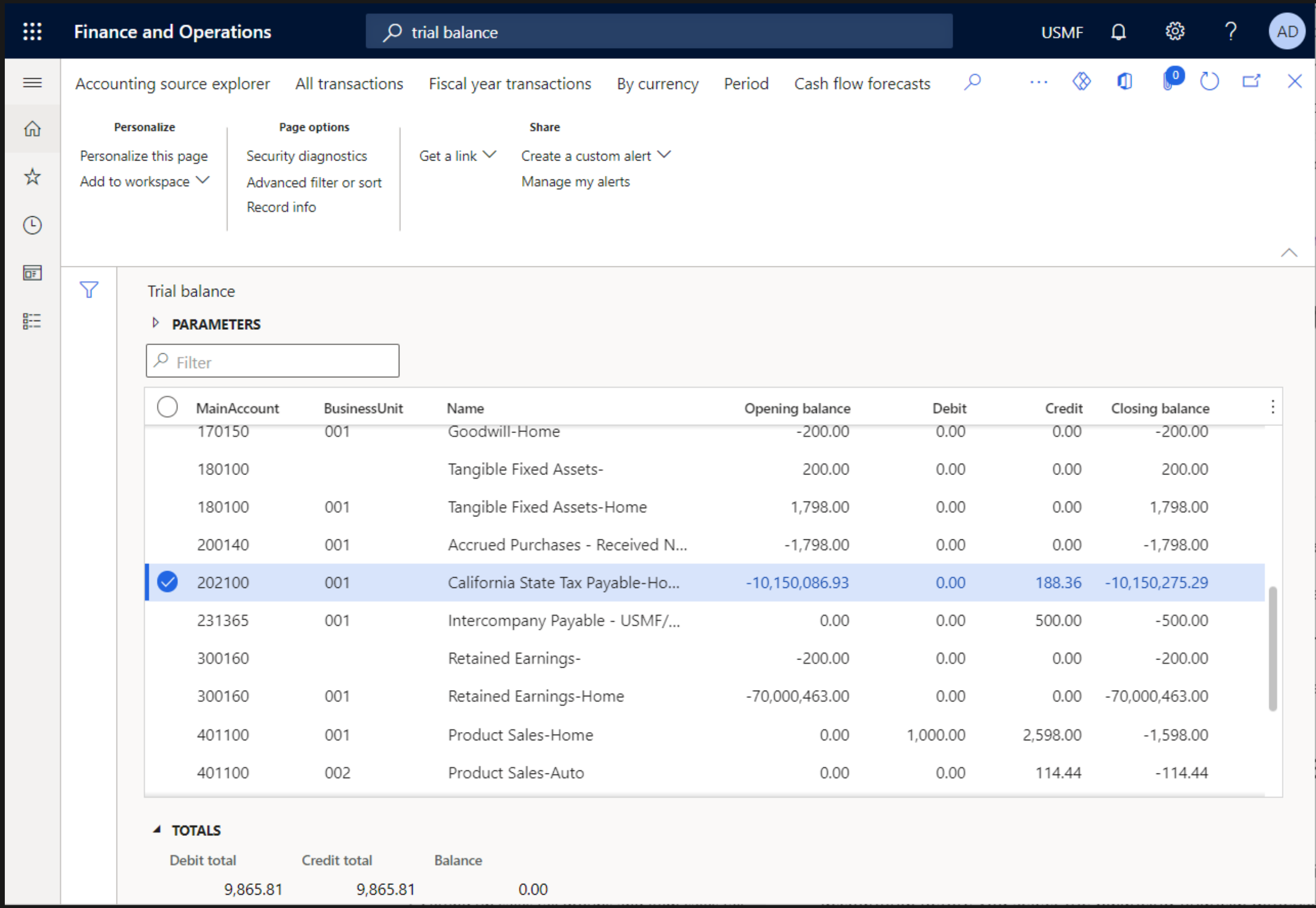
What is a dimension set?

- An ordered list of financial dimensions.
- Used to store financial dimension balances.
- Used to generate financial reports.
- Must create at least one that includes main account only.

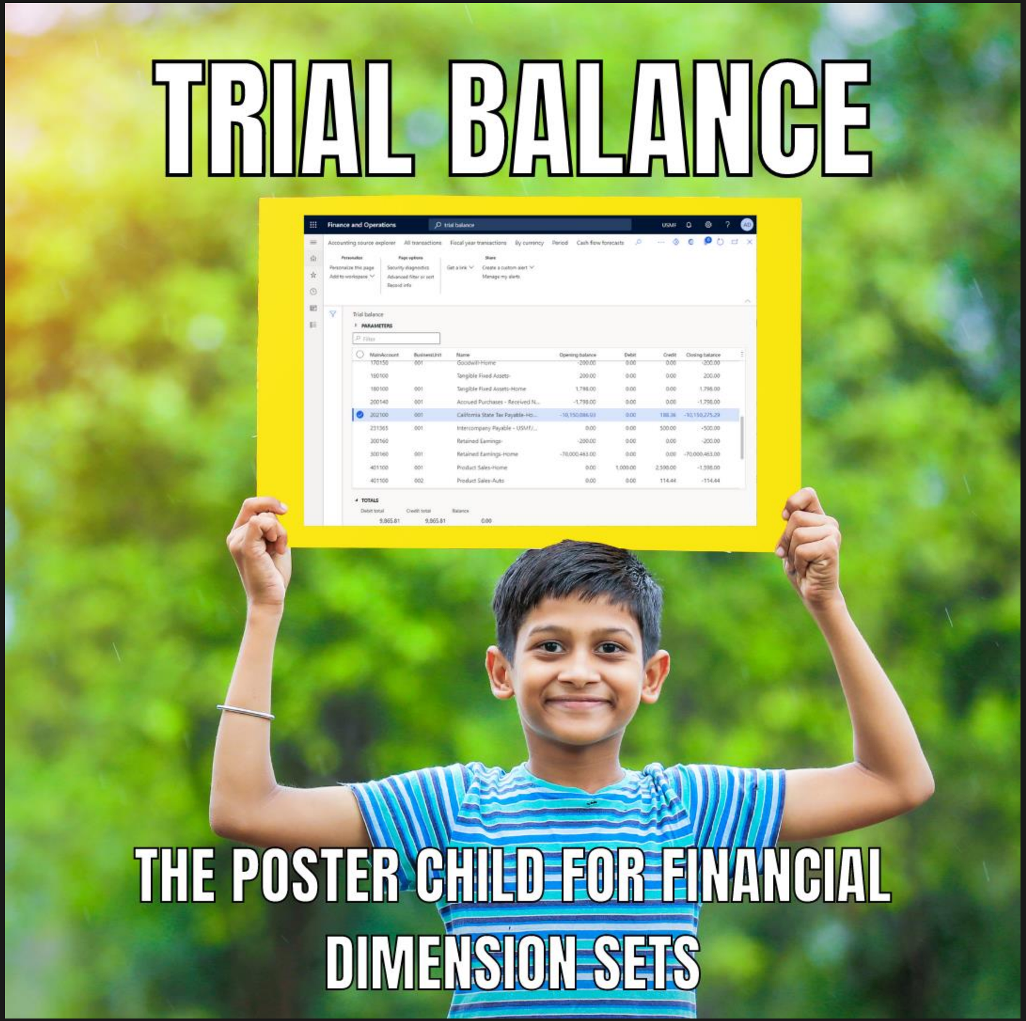


Demonstration: Configure a Dimension Set

1. Open **General ledger > Chart of accounts > Dimensions > Financial dimension sets.**
2. Click **New** to create a new dimension set.
3. Enter a unique ID in the **Financial dimension set** field and a descriptive **Name**.
4. In the **Available financial dimensions** pane, select the desired dimensions and use the **Right arrow** key to move them to the **Selected financial dimensions** pane.
5. To the right of the **Selected financial dimensions** pane, use the **Up** and **Down** arrows to organize the dimension in the sequence you require for reporting.
6. Click **Create balances** to initialize the balances and then click **OK**.
7. Click **Update balances** to schedule a refresh for the balances and select the batch interval required and then click **OK**.

Where are dimension sets used?

- Trial balance page and report
- Financial reporter
- Power BI financial reports
- Dimension statement



How do I manage my dimension sets?

- Create balances when you create a dimension set only if you will be using the balances.
- Update balances periodically during off hours in a batch.
- Update balances based on the usage of each dimension set.
- Only rebuild when the balances are suspected to be inaccurate.
- Do not regularly schedule a rebuild.
- Clear balances from unused dimension sets.

[Best practices for updating Financial dimension set dimension sets - Dynamics 365 Finance Community]

Troubleshooting for dimension sets

- Reduce the frequency of updates – if running frequently.
- Increase the frequency of updates – if running infrequently.
- Contact support if you must regularly rebuild a dimension set balance.
- Make sure that you are not running consolidations or year-end close are at the same time as updates or rebuilds.
- Enable feature: Performance improvements for rebuilding financial dimension sets

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DO's and DON'Ts for Financial Dimension

DO

- ✓ Run the financial dimension activation process during maintenance hours.
- ✓ Use caution when defaulting the same dimension on multiple types of master data.
- ✓ Use financial dimensions when financial statements need to be segmented.
- ✓ Create dimension values that are reusable

DON'T

- × Create and activate financial dimensions in PROD without first testing.
- × Use a single dimension for multiple purposes.
- × Use financial dimensions when the subledger can be used for reporting
- × Create dimension values that are used once or a few times.

DO's and DON'Ts for Dimension Sets

DO

- ✓ Define dimension sets according to your reporting needs.
- ✓ Run updates periodically.
- ✓ Clear the balances for unused dimension sets.
- ✓ Rebuild balances on an as needed basis.

DON'T

- ✕ Run rebuilds regularly.
- ✕ Run consolidations while updating dimension set balances.
- ✕ Run year-end close while updating dimension set balances.
- ✕ Create too many dimension sets with balances.

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RECAP

Your checklist for the chart of accounts and ledger

Use and adjust this baseline checklist

- Create Main account templates
- Create Main account categories
- Create Exchange rate types
- Define Sales tax groups and Item sales tax groups
- Define Sales tax codes
- Define the Chart of accounts
- Create Main accounts
- Define Legal entity overrides on Main accounts
- Create Financial dimension
- Define values for financial dimensions
- Define default and fixed dimensions on main accounts
- Create Financial dimension sets
- Configure Financial dimensions sets to update periodically
- Create Financial dimension default templates
- Create Ledger account aliases

RECAP

Your checklist for the chart of accounts and ledger continued

Use and adjust this baseline checklist

- Create a Fiscal calendar
- Create an Organization hierarchy
- Create an Account structure
- Create a relationship from the Organization hierarchy to the Account structure
- Create an Advanced rule
- Activate Advanced rules
- Activate Account structures
- Configure the Ledger

Resources

[GENERAL LEDGER DOCS]

[FINANCE LEARNING CATALOG]


QUESTIONS

Dankie Faleminderit **Shukran** Chnorakaloutioun Hvala Blagodaria

Děkuji **Tak** Dank u Tänan Kiitos **Merci** Danke Ευχαριστώ A dank

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34