

Microsoft Dynamics® AX

Microsoft Dynamics AX 2012 R2 Shared Financial Data Management

White Paper

This white paper provides conceptual information so that you can plan the chart of accounts for your legal entity. It also provides the steps necessary to set up one or more charts of accounts, including procedures for setting up a ledger, shared financial dimensions, shared fiscal calendars, shared account structures, and advanced rules.

Date: December 2012

www.microsoft.com/dynamics/ax

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Table of Contents

Overview.....	4
Shared fiscal calendars	4
Create a fiscal calendar and a fiscal year	4
Create multiple closing periods	5
Add a fiscal year to an existing fiscal calendar	5
Shared currencies and exchange rates.....	6
Currency revaluation information	6
Consolidation and exchange rate types	7
Planning the chart of accounts.....	7
Financial dimensions in Microsoft Dynamics AX 2012 R2	8
Create a financial dimension and financial dimension values	8
Maintain financial dimensions values	9
Main account templates	9
Set up a chart of accounts	10
Create a main account.....	10
Statutory charts of accounts and consolidation accounts	11
Create a consolidation account group	11
Create additional consolidation accounts	12
Shared account structures	12
About the Configure account structures form	12
Account structure elements and descriptions	13
Financial dimensions and organizational hierarchy.....	14
Account structure terms and definitions	14
Date ranges in the Configure account structures form.	15
Shared advanced account structures and rules for a chart of accounts.....	15
Create an advanced rule structure	15
Create an advanced rule	16
Fixed financial dimensions in AX 2012 R2	16
Interunit accounting and balanced accounting entries	16
Financial dimension sets	17
Financial dimension set balances	17
Create a financial dimension set	18

Chart of accounts example	18
Example: Profit and loss account structure.....	18
Example: Balance sheet account structure	19
Example Public sector structure	19
Ledger definition	20
Setting up a ledger	20

Overview

Information in this white paper applies to Microsoft Dynamics AX 2012. Information that is specific to Microsoft Dynamics AX 2012 R2 will be identified as that.

Organizations with multiple legal entities can set up the same information in those legal entities. Information such as fiscal calendars, currencies, exchange rates, and the chart of accounts is shared between the legal entities. In Microsoft Dynamics AX 2012 R2 information can be shared between the legal entities, within a data partition. Prior to Microsoft Dynamics AX 2012, this setup and maintenance had to be completed for each legal entity. In Microsoft Dynamics AX 2012, you can set up the data once and share it across multiple legal entities.

Shared fiscal calendars

Your legal entity can use multiple fiscal calendars and the same fiscal calendar can be shared between multiple legal entities for budgeting and fixed asset depreciation calculations.

In Microsoft Dynamics AX 2012, you can associate a calendar to any of the following entities.

- Legal entity for ledger posting or withholding tax threshold accumulation period
- Dimension structure for budgetary control
- Value model/depreciation book for Fixed assets
- Withholding tax settlement period definition for withholding tax settlement with tax authorities

Create a fiscal calendar and a fiscal year

Follow these steps to create a fiscal calendar that includes one fiscal year. You can add other fiscal years later.

When you create a fiscal year, the periods are automatically created, based on the length of the period unit and the number of period units that you specify. To create a period after the fiscal year is created, you must divide a period.

1. Click **General ledger > Setup > Fiscal calendars**.
2. Click **New fiscal calendar**.
3. Enter a name for the fiscal calendar, such as Standard, JanuaryToDecember, or CalendarYear, and enter a description.
4. Enter the starting and ending dates for the first fiscal year that will be added to the fiscal calendar. The default dates are January 1 and December 31. You can also create a fiscal year that starts in one calendar year and ends in another calendar year.

If you add a fiscal year later, that fiscal year must start on the day after the previous fiscal year ended. For example, you create a fiscal year of 2012-13 that starts on July 1, 2012, and ends on June 30, 2013. The next fiscal year that you create must start on July 1, 2013.

5. Enter the name of the fiscal year that you are creating.
6. Enter the length of the period and select the unit for the periods in the new fiscal year.
7. For example, you enter a period length of 1 and you select **Months** in the **Unit** field. The fiscal year will include 12 periods, each being one month long. A period length of 2 and a unit of Months will create a fiscal year that has six two-month periods.
8. Verify that the information is correct, and then click **Create**.

Create multiple closing periods

You can define multiple closing periods for a given date. This allows you to track and report on multiple audit adjustments, such as adjustments that are identified during an internal audit and are recorded in one closing period, and an external audit adjustment that is posted in another closing period. Create the closing period adjustments in the **Closing sheet** form. (**General ledger > Periodic > Fiscal year close > Closing sheet.**)

1. Click **General ledger > Setup > Fiscal calendars.**
2. In the left pane, select the fiscal calendar and fiscal year that you will add the closing period to.
3. In the **Periods** grid, select the period with the dates that you want to use.
4. Click **Create closing period.**
5. Enter a name for the closing period. The name must be unique in the fiscal calendar and fiscal year.
6. Click **Create.**

Add a fiscal year to an existing fiscal calendar

You can add an unlimited number of fiscal years to a fiscal calendar that has already been created.

When a fiscal calendar includes multiple fiscal years, the starting and ending dates of the fiscal years cannot overlap. Also, you cannot have gaps between the ending date of one fiscal year and the starting date of the next fiscal year.

1. Click **General ledger > Setup > Fiscal calendars.**
2. In the left pane, select the fiscal calendar that you want to add a fiscal year to.
3. Click **New fiscal year.**
4. Enter an ending date for the new fiscal year. The starting date for the new fiscal year is the day after the ending date of the previous fiscal year. For example, the 2012-13 fiscal year starts on July 1, 2012, and ends on June 30, 2013. The new fiscal year of 2013-14 that you create starts on July 1, 2013. You cannot change the starting date.
5. Enter the name of the fiscal year.
6. Specify period information:
7. Select the **Copy from last fiscal year** check box to have this fiscal year use the same periods as the previous fiscal year in this fiscal calendar.
Do not select this check box if either the previous fiscal year or the new fiscal year is a leap year. If you select this check box, any periods that include the month of February will not match the previous fiscal year.
8. If you want the new fiscal year to have different periods than the previous fiscal year, enter the length of the period and select the unit for the periods in the new fiscal year. For example, you enter a period length of 1 and you select Months in the Unit field. This creates a fiscal year with 12 periods, each being one month long. A period length of 2 and a unit of Months will create a fiscal year that has six two-month periods.
9. Click **Create.**

You can set the period status for a ledger in the **Ledger calendar** form. A period can be open for one legal entity and closed for another legal entity for the same fiscal calendar. Click **General ledger > Setup > Ledger > Ledger calendar.** This is also where you can set the module access level for the ledger calendar. This allows you to limit posting for specific transactions for a period, to a user group, to all, or to no one.

This allows you to limit posting for specific transactions for a period, to a user group, to all, or to no one. Typically, you limit posting at the end of a period so that users will not accidentally post into a prior period, but you are still creating adjustments for that period, so you do not want to close the period or put the period on hold.

You can set the module access level for a ledger in the **Ledger** form. Click **General ledger > Setup > Ledger**. Click the **Ledger calendar** button. In the **Module access level** FastTab, you can set the access level for each module.

Shared currencies and exchange rates

Currencies and exchange rates can be shared between multiple legal entities. Many currencies are set up and are available by default, but you can create additional currencies in the **Currencies** form. You can also set up the online numeric conversion tool and rounding rules for the accounting currency and other currencies.

Exchange rate types allow you to define multiple exchange rates between a currency pair. The same currency pair cannot be used for more than one exchange rate type. Exchange rate types are used to display the exchange rate on source documents and accounting journal entries.

If an exchange rate type is not referenced by a ledger, a consolidation company, or any place else that exchange rate types are used, it can be deleted.

The exchange rate that is used for calculating a conversion from the transaction currency to the accounting currency, and the accounting currency to the reporting currency is based on the exchange rate type for the legal entity of the ledger. The revaluation posting accounts for each currency are per ledger, or for all currencies per ledger.

The following exchange rate types are included with Dynamics AX 2012; however, no default exchange rates are included. You can add or delete the default exchange rate types.

Exchange rate type	Name
Average	Default average rate
Budget	Default budget rate
Closing	Default closing rate
Default	Default exchange rate

You can create currency exchange rates between any two currencies, or a currency pair, in the **Currency exchange rates** form. The exchange rate that is calculated is based on the transaction currency, accounting currency, reporting currency, and exchange rate type for the legal entity.

Currency revaluation information

Each time that you run the foreign currency revaluation process for general ledger, you can select to revalue profit and loss accounts, balance sheet accounts, or both. Legal entities that have significant amounts in foreign-currency balance sheet accounts sometimes revalue these accounts daily, using the appropriate, current exchange rate.

If you run the foreign currency revaluation process for Accounts receivable or Accounts payable, you should not complete the foreign currency revaluation process in general ledger for those accounts. During the currency revaluation process, unrealized gain or loss amounts are generated only in the accounting currency or reporting currency amounts. The exchange rates of the system date are used in the revaluation.

For profit and loss accounts (profit and loss, revenue, and expense accounts), foreign currency transactions that are posted in the specified range are revalued. For balance sheet accounts (balance sheet, asset, liability, and equity accounts), the balance amount at the end of the interval is revalued.

Consolidation and exchange rate types

IAS 21 and FASB 52 require different exchange rates to be used when translating currency amounts to a reporting currency; current assets and liabilities are translated at your organization's current currency exchange rate, long-term assets are translated at the historical rate, based on transaction date, and the revenue and expense accounts are translated at an average rate.

You can use any of the Consolidate forms to select an exchange rate type for each range of accounts and legal entity accounts to be consolidated. You can select to use the transaction date or the consolidation date to get the appropriate exchange rate that is to be used for the consolidation. When using the consolidation date, you can override the default exchange rate for the specific range of accounts.

Planning the chart of accounts

To track and maintain financial information in an organization, you can set up a chart of accounts, which is a structured list of main accounts. To further track the transactions in these accounts, segments, which are called financial dimensions, are added to the main accounts. For example, an expense account might include financial dimensions named Department, Cost center, and Purpose.

The chart of accounts is used to prepare financial reports for authorities and owners. The accounts are grouped into types of accounts and further aggregated into larger categories. At the most general level, the accounts are grouped as revenues and costs (operating accounts), assets, liabilities, and equity (balance accounts).

Some local governments might mandate a specific chart of accounts, also known as a statutory chart of accounts. Use the **Consolidation account** field in the **Main accounts – chart of accounts** form to map the chart of accounts to the statutory chart of accounts. Because consolidation entries are summarized by ledger account per date with no subledger detail, you should only use the consolidation account if your organization does not need detailed postings for the statutory account. If your organization needs subledger detail, you must use the statutory chart of accounts as the primary chart of accounts for data entry, and then consolidate the statutory chart of accounts to the shared or corporate chart of accounts for reporting to the parent organization.

You can find statutory charts of accounts, as well as industry-specific charts of accounts, on the Web.

You must consider several factors when you make decisions about how to structure the chart of accounts for your organization, including the following:

- The reporting requirements of the country/region where your organization is based
- The reporting requirements of your legal entity
- The degree of specification needed, for both external organizations and for internal reporting requirements for your organization

Create the chart of accounts in the **Chart of accounts** form. Use the Main accounts form to set up main accounts in each category.

We recommend that you include gaps between the account numbers so that you can insert new main account numbers, as needed. Main accounts in the same category have similar account numbers, and often have header and total lines that allow for easier identification and aggregation of the account category.

Use the **Configure account structures** form to create account structures, which are used to define valid combinations. The combinations, together with main accounts, form a chart of accounts.

A chart of accounts can be shared and used by any legal entity in an organization. Select the chart of accounts that can be used by a legal entity in the **Ledger** form.

Financial dimensions in Microsoft Dynamics AX 2012 R2

There is a new financial dimension framework in Microsoft Dynamics AX 2012. The dimension sets, hierarchies, and rules that existed in AX 2009 and earlier have been replaced with the new framework. For a technical overview of the new financial dimension framework, see the "Implementing the Account and Financial Dimensions Framework" white paper.

A main account category is a classifier of a main account. A financial dimension is a financial data classifier that is created from the parties, locations, products, and activities in an organization, and that is typically used for financial reporting.

In Microsoft Dynamics AX 2009, you could create ledger account categories and financial dimension values for each company. In Dynamics AX 2012, the main account categories and financial dimension values that you create are shared, and can be used by any of the legal entities that are set up in Dynamics AX 2012.

Dimension focuses in Microsoft Dynamics AX 2009 have been renamed to financial dimension sets in Microsoft Dynamics AX 2012, and are shared by the legal entities that are set up in the **Legal entities** form. Therefore, the financial dimension sets can be used by any of those legal entities and are used for calculating balances and some financial reporting.

You can create unlimited financial dimensions. In Dynamics AX 2009 and earlier versions, three dimensions were included - Department, Cost Center, and Purpose. You could purchase additional dimensions, up to 10, and a developer was needed to add a new dimension. In Microsoft Dynamics AX 2012, there are no default financial dimensions, but application users can create new financial dimensions; a developer is not needed.

Create a financial dimension and financial dimension values

Use the **Financial dimensions** form to create financial dimensions that you can use as account segments for shared account structures. After you have created the financial dimensions, use the Financial dimension values form to assign additional properties to each financial dimension.

Financial dimensions can be based on a system-defined entity, such as a project or an organization unit, or can be user-defined. Financial dimension values for system-defined financial dimensions are created based on the system-defined entity. For example, if you create a financial dimension based on a department, each department code that is created in Dynamics AX 2012 will also be a financial dimension value. To create a user-defined financial dimension, in the Use values from field, select **<Custom dimension>**.

1. Click **General ledger > Setup > Financial dimensions > Financial dimensions**.
2. Click **New**.
3. In the **Use values from** field, select a system-defined entity to base the financial dimension on. Financial dimension values will be created from this selection. For example, to create dimension values for projects, select **Projects**. A dimension value will be created for each project name.
4. Enter the name of the financial dimension. The name of the financial dimension cannot contain spaces, numbers, or symbols.
5. In the **Report column name** field, enter the name of the financial dimension to be displayed as a column name on reports. This name will be displayed on the report only if the financial dimension name is too long to display in a report column.
6. If you selected **<Custom dimension>** in the **Use values from** field, enter a format mask to use for creating financial dimension values in the Dimension value mask field. A format mask limits the type of information that you can enter for dimension values. For example, if the dimension value should be two characters, you could enter XX.

7. Click **Financial dimension values** to open the **Financial dimension values** form, where you can create or update custom list dimension values and set properties for all financial dimension values.
8. If you selected **<Custom dimension>** in the **Use values from** field, click **Translations** to open the **Text translation** form, where you can enter text to be displayed in different languages for the selected financial dimension value. Click **Close** when you have finished.
9. Click **Close** in the **Financial dimensions** form.
10. Click **Translations** to open the **Text translation** form, where you can enter text to be displayed in different languages for the selected financial dimension. Click **Close** when you have finished.
11. Click **Main account translation** to open the **Text translation** form, where you can enter text to be displayed in different languages for the main account. The text that is translated is the financial dimension, and not the financial dimension values or the main account values.

Maintain financial dimensions values

Use the **Financial dimension values** form to maintain the financial dimension values. If the financial dimension is a user-defined dimension, new financial dimension values can be created. If the financial dimension is based on a system-defined entity, the values are populated automatically based on the system-defined entity. You cannot create new financial dimension values except through the entity itself, such as when you create a new project, customer, or cost center.

You can set options for dimension values that can be shared across the organization. You can change specific properties of a financial dimension value for a legal entity. For example, the financial dimension value Project might be inactive for a specific legal entity, yet active for another legal entity that is using the same financial dimension value.

You can change the level of data to view for a financial dimension value by selecting one of the two levels in the **Select the level of dimension value to display** field in the Financial dimension values form. The levels follow a hierarchy as follows.

- **Shared value** – Allows you to maintain financial dimension values once and apply those changes to all legal entities that use the financial dimension value.
- **Companies** - Allows you to set specific options for financial dimension values, depending on the legal entity. You also can set up additional information for financial statement formatting and cost accounting.

The following fields can be changed for a legal entity.

- Active from date
- Active to date
- Suspended
- Owner

However, you cannot activate a financial dimension value if the value is inactive at a higher level. For example, if the financial dimension value is suspended at the shared level, you cannot activate it for a specific legal entity.

If there is no date in the **Active from** field for the ledger, the date in the **Active from** field for the legal entity will be used to determine if the financial dimension value is active. If there is no date in the **Active from** field for the legal entity, the date in shared level will be used.

Main account templates

You can create templates that are based on the field entries for specific main accounts that you specify as template models. When you create a main account, you can select the template that

contains the information to be applied to the new main account. The field values of the template are copied to the fields of the new main account.

You can create a main account template to apply the same information to multiple main accounts across multiple charts of accounts. You also can associate a template after a main account exists. If you change information in the template, you can choose to apply those changes to the main accounts that are associated with the template. For example, if you want to change the currency revaluation field for the main accounts, you can change it on the template and then apply those changes to existing main accounts, rather than changing the field on each main account individually.

Set up a chart of accounts

Use the **Chart of accounts** form to set up a chart of accounts. You can create main accounts for the chart of accounts.

1. Click **General ledger > Setup > Chart of accounts > Chart of accounts**.
2. Click **New** and enter a name in the **Chart of accounts** field.
3. Enter a description.
4. You can enter a main account mask to create a structure that will be used when main accounts are created for the chart of accounts. For example, to restrict accounts to four characters, enter #####.
5. Click **New** on the **Main accounts** FastTab to open the **Main accounts – chart of accounts form** form. To create a main account from a template, click **New from template**, select a template, and then click **Select**. For information about how to create main accounts, see **Create a main account**. Close the form when you are finished.
6. To set up the account selection according to the first character that you enter for a main account, on the **Main accounts** FastTab, click **Automatic account type selection**. Close the form.

Create a main account

Use the **Main accounts** form to create a main account, which is an account in the general ledger that records financial transactions, balances, or totals that pertain to assets, liabilities, revenues, expenses, and owners' equity.

Some fields are disabled and additional fields are available depending on which of the two levels in the **Select the level of dimension value to display** field is selected.

1. Click **General ledger > Setup > Chart of accounts > Chart of accounts**.
2. Select a chart of accounts.
3. On the **Main accounts** FastTab, click **New**. You can create a main account or you can create a main account from a main account template, which applies the same information to multiple main accounts.
4. Enter an account number in the **Main account** field and enter an account name.
5. Select the type of main account in the **Main account type** field. Profit and loss is the default value, unless you have defined the automatic selection of account type by prefix in the **Automatic account type selection** form.
6. You can enter or select a main account category, if the main account type is any value other than **Total**. This information is used for cube-based reports and KPIs in Microsoft Dynamics AX 2012.
7. You can enter or select a reporting type, if the main account type is **Reporting**. This information is used for financial statement reporting functionality in Microsoft Dynamics AX 2012.

8. If you selected the level **Companies**, in the **Select the level of main account to display** field, you also can enter information for sales taxes, financial statements, and default financial dimensions and change specific properties of a main account.
9. To specify that amounts for the selected main account are always posted to this financial dimension value, select **Fixed value** for each financial dimension to always post amounts to this financial dimension value.

When the financial dimension is a valid segment in the account structure for the main account, amounts are posted to this financial dimension value, even if the journal entry or source document contains other default values or changes to the ledger account.
10. The following fields can be changed for a legal entity.
 - Active from date
 - Active to date
 - Suspended
11. Click **Translations** to open the **Text translation** form, where you can enter text to be displayed in different languages for the selected main account. Click **Close** when you have finished.

Statutory charts of accounts and consolidation accounts

Some organizations have legal entities that want to use the same chart of accounts as the organization, but are required to report to local governments using a government-mandated chart of accounts. This is sometimes referred to as a mandatory or statutory chart of accounts.

If your organization has statutory account reporting requirements, you can set up one chart of accounts for all legal entities, use the consolidation account field for each main account, and perform a consolidation process for statutory reporting purposes.

However, if you have more than one legal entity which requires a mandated chart of accounts, you must set up multiple charts of accounts – one for your organization and one for each legal entity which requires a mandated chart of accounts. Each mandated chart of accounts would then be mapped to the organization's chart of accounts by the **Consolidation account** field.

Then, in the Consolidation account field in the **Main accounts** form, you must enter a main account for the mandated chart of accounts. Then you can perform a consolidation process for statutory reporting purposes.

Because consolidation entries are summarized by ledger account per date with no subledger detail, you should only use the consolidation account if your organization does not need detailed postings for the statutory account. If your organization needs subledger detail, you must use the statutory chart of accounts as the primary chart of accounts for data entry, and then consolidate the statutory chart of accounts to the shared/corporate chart of accounts for reporting to the parent organization.

A consolidation account is the main account in the parent legal entity that is used for ledger consolidation. This legal entity is also known as the consolidated legal entity. When you use a consolidation account for consolidation, you can report financial information by using a statutory account number.

If you use additional consolidation accounts, you must create a consolidation account group and additional consolidation accounts before you start the consolidation.

Create a consolidation account group

Some organizations have legal entities in multiple countries/regions. Some of those legal entities might be required to report information to local governments by using a government-mandated chart of accounts. You can use consolidation accounts and consolidation account groups for this reporting. For example, if your local government requires that your organization submit a statutory chart of

accounts for reporting purposes, you can create a consolidation account group to represent this statutory chart of accounts.

Use the **Consolidation account groups** form to create groups of consolidation accounts that can be used to represent additional charts of accounts.

1. Click **General ledger > Setup > Chart of accounts > Consolidation account groups**.
2. Click **New**.
3. Enter a unique identifier and a name for the consolidation account group.

Create additional consolidation accounts

You can enter one default consolidation account for each main account in the **Main accounts - chart of accounts** form. To enter additional consolidation accounts, use the **Additional consolidation accounts** form to create and maintain consolidation accounts for the combination of the consolidation account group and the main account that you specify. Each consolidation account must be unique for each combination of a consolidation account group and a main account.

1. Click **General ledger > Setup > Chart of accounts > Additional consolidation accounts**.
2. Click **New**.
3. Select the chart of accounts that contains the main account for which to create additional consolidation accounts.
4. Select the main account to which to assign a consolidation account group and a consolidation account.
5. Select a consolidation account group by which to classify the consolidation account. For example, to group all consolidation accounts for the French statutory chart of accounts, you can create a consolidation group that is named **French chart of accounts**.
6. Enter a consolidation account number. This number must be unique for each combination of a main account and a consolidation account group.
7. Enter the name of the consolidation account.

Shared account structures

Account structures consist of main accounts and can include financial dimension segments. The account structures are used to define the valid combinations and the order of entry, which, together with the main accounts, form a chart of accounts. Multiple account structures allow a legal entity to track information for specific accounts without affecting information in other accounts.

Account structures and user-defined rules, which are called advanced rules, dictate how these financial dimensions are attached to the main accounts and other financial dimensions, and how transactions can be entered against an account structure, which determines the accounts segments, order of entry of those segments, and any constraints.

Advanced rules add additional financial dimensions to the ledger account and are typically defined for specific accounts rather than creating another account structure. For example, suppose your organization wants to track VINs for fleet vehicles requiring maintenance. Only one account is impacted by this information; none of the remaining accounts in the account structure are impacted.

For example, suppose that your organization wants to track additional information for their profit and loss accounts. You can set up an account structure to indicate that additional ledger account segments must be entered for the profit and loss accounts. Typically, less detail is required for balance sheet accounts.

About the Configure account structures form

In Microsoft Dynamics AX 2012, a relational chart of accounts uses an account structure that requires that you set up valid main accounts and financial dimension segments, and then set up rules to specify how the main accounts and financial dimension values will come together to create ledger

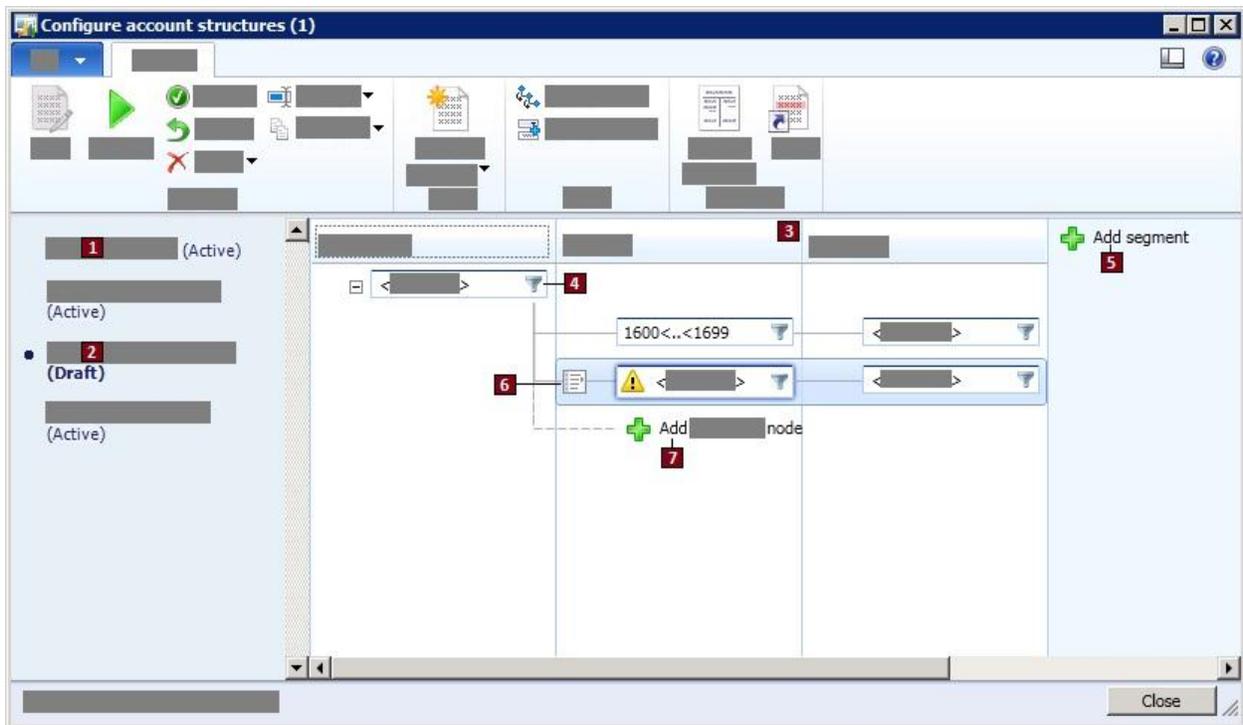
accounts. Setting up valid combinations in one or more account structures helps make sure that data entry is accurate.

You can use the **Configure account structures** form to create one or more account structures. Account structures consist of main accounts and can include financial dimension segments. The account structures are used to define the valid combinations which, together with the main accounts, form a chart of accounts, as well as the order of entry.

You can view the whole account structure, which includes the valid combination of values that can be entered in a dimension, in the following ways:

- Horizontally – View the columns that show the dimensions that make up the structure.
- Vertically – View the hierarchical visualization of the rules that describe how the combinations behave.

When you use multiple account structures, you can track information for specific accounts without affecting information in other accounts.



Account structure elements and descriptions

Numbers	Element	Description
1	Active account structure	The account structure currently in use by your organization.
2	Draft accounting structure	An account structure in edit mode and not currently in use by your organization.
3	Account structure segment	A piece of the account number, either a main account or a financial dimension.
4	Filter button	Allows you to specify the values that are allowed for each segment, including a range of accounts or specific accounts.
5	Add segment button	Adds a new account segment.

6	Action menu	Allows you to set active dates and to copy, paste, delete, or move segments
7	Add %1 node button	Adds a node to the selected segment.

Financial dimensions and organizational hierarchy

If your account structure includes two or more segments that are based on a system-defined entity, you can set up a relationship from an account structure to an organization hierarchy.

When the constraints between the dimension combinations are defined in the organization hierarchy, you don't have to manage the constraints. An organizational hierarchy could be a hierarchy that provides the relationships between department and cost centers.

Microsoft Dynamics AX 2012 will always conform to the most restrictive combination determined by the account structure and any related organization hierarchies.

When a child node in the organizational hierarchy has only one parent, you can use the relationship within an organizational hierarchy. However, if the child node is shared across multiple parents, we recommend that you set up constraints directly in the account structure, or the organizational hierarchy will require that each parent has a separate value for the child node.

For example, suppose you have the following information:

Business Unit (Parent node)

BU1

BU2

BU3

Human Resources (Child node)

HR1

HR2

HR3

In the organizational hierarchy, you could add a hierarchy of a parent node named **BU1** and a child node named **HR1** to the account structure, or you can use advanced rules in the **Configure account structures** form to share those child nodes between multiple business units, when the child node is not valid for all business units.

Advanced rule 1:

Where **Business Unit** = **BU1**, Add **Human Resources**

Advanced rule 2:

Where **Business Unit** = **BU3**, Add **Human Resources**

Or, under the parent node named **BU1**, you could create the child nodes **HR1**, **HR2**, and **HR3**.

To select relationships to apply to the account structure, use the **Select relationships** form (**General ledger** > **Setup** > **Chart of accounts** > **Configure an account structure**. Select an account structure. If the account structure is not in edit mode, click **Edit**. Click **Relationships**.)

Account structure terms and definitions

Term	Definition
Account structure	A structure that defines the valid combinations of main account and dimension values.

Segment	Each column in the Configure account structures form. Segments consist of main accounts or financial dimensions.
Filter button	A button that opens the Which values are allowed for the %1 field form, where you can specify the values that are allowed for each segment.
Action menu	A menu icon that is displayed next to segment rows. Click the Action menu to set active dates and to copy, paste, delete, or move segments.
Combination	The arrangement of account segments, advanced rules, and criteria.
Advanced rule	A relationship principle that helps make sure that dimension values are entered correctly, and are filtered and validated according to the dimension structure. Advanced rules are defined for each account structure.
Financial dimension	An attribute that additionally defines an entity.
Ledger account	The combination of main account and other dimension values, as defined by the chart of accounts, and which classifies financial activity.
Main account	The type of record—asset, liability, revenue, expense, or owner's equity—that is used for recording individual transactions in an accounting system.

Date ranges in the Configure account structures form.

You can specify a date range on any account structure node to indicate when the combination is active. If you enter dates in the **Active from** and **Active to** fields for a combination, the account combination must fall within those dates, or you cannot post transactions using the account combination, or post amounts to the account based on the financial dimension.

Shared advanced account structures and rules for a chart of accounts

An advanced rule structure includes one or more financial dimensions that contain information that your organization wants to track, but that are not part of the account structure. Each advanced rule is associated with a specific account structure and can consist of one or more advanced rule structures.

You can create advanced rules to indicate when an advanced rule structure is being used and which advanced rule structure is being used.

For example, your legal entity might want to keep track of license plates of fleet vehicles for maintenance expense accounts only or to track the campaign used for specific revenue accounts.

Create an advanced rule structure

1. Click **General ledger > Setup > Chart of accounts > Advanced rule structures**.
2. Click **New**, enter an advanced rule structure ID and description, and then click **OK**.
3. Click the **Add segment** button to add criteria, and then select the appropriate options to create the criteria. You might have to scroll down to view all of the criteria. You cannot use the main account for account rule structures. The criteria append additional financial dimensions to an account structure combination. For more information, see the example later in this topic.
4. Click **Activate** and close the form.
5. Complete the steps in the next procedure to create an advanced rule that you will assign the advanced rule structure to.

Create an advanced rule

1. Click **General ledger > Setup > Chart of accounts > Configure account structures**.
2. Select the account structure to apply the advanced rule to.
3. On the Action Pane, in the **Setup** group, click **Advanced** rule.
4. Click **New**.

*To add or modify advanced rules for an account structure, the account structure must be in Draft status. If the account structure has a status of Active, and you select to create a new advanced rule or modify an existing advanced rule, you will receive a message. Click the **Edit advanced rule** button to change the status of the account structure from Active to Draft.*

5. Enter an advanced rule ID and name, and then click **OK**.
6. Click the **Add filter** button to add criteria, and then select the appropriate options to create the criteria. You might have to scroll down to view all of the criteria.
7. On the **Advanced rule structures** FastTab, click **Add**. Select the advanced rule structure to use when the advanced rule is being used.
8. Only active advanced rule structures are displayed.
9. To activate the advanced rule, you must activate the account structure by clicking **Activate** on the Action Pane in the **Configure account structures** form.

Fixed financial dimensions in AX 2012 R2

You can specify that amounts for a selected main account are always posted to a specific financial dimension value. When the financial dimension is a valid segment in the account structure for the main account, amounts are posted to this financial dimension value, even if the journal entry or source document contains other default values or changes to the ledger account.

In the **Main accounts – chart of accounts** form, on the **Financial** dimensions FastTab, in the **Default financial dimensions** field group, select **Fixed value** for each financial dimension to always post amounts to this financial dimension value.

*To view the **Financial dimensions** FastTab, select **Companies** in the **Select the level of main account to display** field.*

Interunit accounting and balanced accounting entries

If your organization is required to generate a balanced balance sheet by using the values of a financial dimension, you can select that financial dimension in the **Ledger** form. You must select a financial dimension that is included in all account structures that are assigned to the ledger.

When you select a balancing financial dimension, all new accounting entries must be balanced for each value for the financial dimension. Automatic transactions are created to balance the entries, based on the main accounts that are identified in the **Accounts for automatic transactions** form.

If the accounting entry does not balance at the level of the financial dimension values, automatic transactions are created to balance the entries. These transactions use the main accounts that are identified for Interunit debit and Interunit credit in the **Accounts for automatic transactions** form.

For example, **Branch**, which is the second segment of the ledger account, is selected as the balancing financial dimension. The following accounting entry is created.

6100-MSP-OU_256	100.00 DR
6100-NY-OU_249	100.00 DR

2100-MSP-OU_256	200.00 CR
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The following balances are determined:

Overall accounting entry = Balanced

MSP = 100.00 CR

NY = 100.00 DR

The following accounting entries are created automatically, so that this entry balances at the level of the financial dimension values.

Interunit DueFrom – MSP – OU_256	100.00 DR
Interunit DueTo – NY – OU_249	100.00 CR

Financial dimension sets

A financial dimension set is a group of financial dimensions that are used to calculate account balances and sort transactions on financial reports. You can use the **Financial dimension sets** form to create sets of financial dimension. A financial dimension set contains one or more financial dimensions. If the main account is not included in a financial dimension set, balances are not calculated and reporting will not be done at the main account level. A financial dimension set for the main account will be created automatically.

Financial dimension set balances

Account balances are calculated based on the financial dimensions that are selected for the financial dimension set and are calculated per ledger. To create initial balances for a financial dimension set, you must click the **Initialize balances** button in the **Financial dimension sets** form. After you've initialized the balances, the button name changes to **Rebuild balances**. Rebuild balances to re-initialize, or delete and recalculate, the balance. You should only rebuild balances if you think that your balances are wrong, especially if there were any interruptions with processing and balances don't change when you click the **Update balances** button.

Update balances to reflect activity since the last time balances were updated. You can update balances in two ways.

- Schedule a balance update (click **Update balances** button and set up a batch)
- Update the balances manually.

Note: We recommend that you schedule balance updates. Balances are automatically calculated for reporting and other processes, but performance will be improved by updating the balances periodically. Also, balances are not automatically updated with cube processing, so we also recommend that you schedule a batch process to update balances before you process cubes.

Financial dimension set balances will be updated when at least one segment has a financial dimension value. If all account segments allow blanks and have no values, balances will not be updated. For example, for the financial dimension set Cost center-Department, no balance will be calculated or updated for the row with no values.

Cost center	Department	Balance calculated
Value	Value	Yes
Blank/No value	Value	Yes
Value	Blank/No value	Yes

Blank/No value	Blank/No value	No
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Create a financial dimension set

The order in which financial dimensions in a set are displayed determines how transactions are sorted and fields are printed on financial reports, with no concern given to the order in which they were entered.

For example, a financial dimension set that includes the Department and Cost Center financial dimensions indicates that the Department financial dimension amounts should be displayed first on reports, and the Cost center financial dimension amounts should be displayed second.

To view current information in Role Center cubes, you must update the financial dimension balances by using the **Financial dimension sets** form. You can click the **Update balances** button to update the balances immediately.

When you view or report on financial transactions, the financial dimension sets that are defined can be used individually or in pairs. The secondary financial dimension set includes more detailed information about the amounts that are in the primary financial dimension set.

1. Click **General ledger > Setup > Financial dimensions > Financial dimension sets**.
2. Click **New** to create a line for a dimension set.
3. In the **Financial dimension** set field, enter a unique identifier for the dimension set.
4. In the **Name** field, enter a brief description of the dimension set.
5. Move all the financial dimensions that you want to include in the set from the **Available financial dimensions** group to the **Selected financial dimensions** group. The financial dimension that you want to be displayed first must appear first in the **Selected financial dimensions** group.

Chart of accounts example

Financial reporting does not use the organizational hierarchy information; it simply provides a model of the organization. To report on elements of the organizational hierarchy, you must create financial dimensions that are based on the organizational units. You can then use the relationship functionality in the account structure to associate an organizational hierarchy to an account structure to provide the constraints, and will not have to maintain them separately.

Example: Profit and loss account structure

Consider an account structure with 3 segments. In this example, the Main accounts 4000 through 9999 are the accounts that are used for recording profit and loss amounts.

Financial dimension	Financial dimension value
Main account	4000..9999
Department	All values
Cost Center	All values

This is how the example Profit and loss account structure looks in the **Configure account structures form** in Dynamics AX 2012.

MainAccount	Department	CostCenter
4000..9999	<all values>	<all values>

You could further define an account structure with filters.

Example: Balance sheet account structure

Consider an account structure with 2 segments.

Financial dimension	Financial dimension value
Main account	1000..1099, 2000..2099
Department	All values

This is how the example Balance sheet account structure looks in the **Configure account structures form** in Dynamics AX 2012.

MainAccount	Department	CostCenter
1000..1099;2000..2	<all values>	<all values>

Example Public sector structure

Consider a sample public sector account structure of 7 segments.

Financial dimension	Financial dimension value	Financial dimension name
Fund	010	General fund
Function	200	Public safety
department	210	Police department
Cost Center	21002	Patrol
Program	37	Gang control
Object Class	01	Salaries & benefits
Object	5920	Health insurance expense

A very common structure (or something very similar) is used in city and county governments across the US. When you study this structure closely, can see that **Function, Department, and Object Class** really don't have to be part of the account structure:

Examples:

Cost Center 21002 (Patrol) can only exist in Dept 210 (Police) and Function 200 (Public Safety), meaning that in setup we could allow the user to relate Dept 210 and Function 200 to Cost Center 21002.

Object 59200 (Health Insurance) can only exist in Object Class 01 (Salaries and Benefits)

Ledger definition

You can have only one ledger for each legal entity in Microsoft Dynamics AX 2012. The ledger definition provides the chart of accounts, fiscal calendar, accounting currency, optional reporting currency, and exchange rate types that are used for a specific legal entity.

Note: After you post journal entries, you cannot change the chart of accounts or currencies in the **Ledger** form. Use the **Ledger accounting currency conversion** and **Ledger reporting currency conversion** forms to change the currencies. Setting up a ledger

After you have created a legal entity, you must set up a ledger for that legal entity. In Microsoft Dynamics AX 2012 R2, you also can select a balancing financial dimension, which requires that all new accounting entries must be balanced for each value for that financial dimension. For more information, see [Interunit accounting and balanced accounting entries](#).

1. Click **General ledger > Setup > Ledger**.
2. Select a chart of accounts.
3. To add an account structure to the ledger, click **Add**, and then double-click an account structure. You can also click **Configure account structures** to create account structures.

You must select at least one account structure before you can record a source document or journal entry for the legal entity that the ledger is created for.
4. To require that all new accounting entries must be balanced for each value for a financial dimension, select that financial dimension. The financial dimension that you select must be included in all account structures that are assigned to the ledger.
5. Select a fiscal calendar for the ledger.
6. Select an accounting currency and an optional reporting currency for the ledger.
7. Select default exchange rate and budget exchange rate types. These rate types will provide the exchange rates that will be used for currency calculations in this ledger.
8. For each posting type, select a main account. When a currency is revalued, the differences are posted to this account, depending on the posting type.

These main accounts are used when currency revaluation accounts are not set up for the currency and ledger. If your legal entity does not require different gain or loss accounts for each currency, you only need to define the main accounts once here. Otherwise, you'll need to define main accounts for each posting type for each currency.

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