# Cost Corrections generated by Physical Count Adjustments

## Summary:

What causes cost correction distributions to be made as a result of posting physical count adjustments?

## Cause:

Posting physical count transactions should not generate cost correction distributions, as variances are calculated using each item location's average cost. However, if an item's on-hand quantity times its average cost does not equal its G/L value, a cost correction could be generated when you post physical count transactions for the item.