1. Seville Limited. incurred the following costs during March:

|  |  |
| --- | --- |
| Raw materials purchased | $46,800 |
| Direct labor (9,200 hours) | 156,400 |
| Manufacturing overhead (actual) | 83,000 |
| Selling expenses | 47,400 |
| Administrative expenses | 32,600 |
| Interest expense | 14,800 |

Manufacturing overhead is applied on the basis of $8.50 per direct labor hour. Assume that overapplied or underapplied overhead is transferred to cost of goods sold only at the end of the year. During the month, 3,500 units of product were manufactured and 3,400 units of product were sold. On March 1 and March 31, Seville carried the following inventory balances:

|  |  |  |
| --- | --- | --- |
|  | March 1 | March 31 |
| Raw materials | $14,200 | $15,400 |
| Work-in-process | 64,700 | 55,800 |
| Finished goods | 32,400 | 40,660 |

# Required:

1. Prepare a Statement of Cost of Goods Manufactured for the month of March, and calculate the average

cost per unit produced.

1. Calculate the cost of goods sold during March.
2. Where in the financial statements will the difference between cost of goods manufactured and cost of goods sold be classified?