

Solution:

The computations are as follows:

Number of shares the company can authorize = 3.5 million

The company issued 2 million shares.

Thus, the number of shares that are unissued by the company should be:

Number of unissued shares = 1.5 million

Now, out of these 2 million shares, there are 0.375 million shares held in treasury (issued but not outstanding).

Thus, the number of outstanding shares that are issued are:

2 million – 0.375 million = 1,625,000 shares

Thus, *Number of issued shares that are outstanding = 1.625 million*