

# Reshaping Islamic Corporate Reports

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## ABSTRACT

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Islamic Corporate Reports (ICRs) is an alternative synthesized Islamic accounting theory to explain and improve the ethical foundations and implications of Islamic financial reports guided by AAOIFI. This article aims to sharpen the ethical foundations of Baydoun & Willett's ICRs, particularly regarding the Islamic value-added reporting (VAR) as well as projecting its implications on the shape and substance of the report. Baydoun & Willett suggested the addition of current value to complement the historical value for the balance sheet and VAR as a substitute for the income statement. This study employs qualitative approach by examining three fiqh principles. The principle of al kharaj bi al dhaman (cost-reflected earning), maslaha (welfare) and nafaqa (expenditure) to build a new perspective on Baydoun & Willett's VAR. The examination of three fiqh principles on VAR can be understood in a broader perspective in a smooth and relatable way by the Muslim community because it has stronger roots in the legacy of Islamic scholars, especially in the financial sector.

**Keywords:** al kharaj bi al dhaman , Islamic corporate reports, maslaha, nafaqa, value-added reporting,