not have a physical or financial embodiment; second it's internally generated, developed, and practiced; and finally its non-tradable which means cannot be readily bought or sold (Austin, 2007). The virtual nature of knowledge assets was further complicated their management and accounting. Unlike the physical assets, the knowledge assets are unique assets expected to have value (because of its uniqueness) which play important role in increasing return on scale. A real understanding for the nature of these concepts has been developed (See Table-I). The virtual nature of knowledge assets further complicates their accounting. Accordingly, knowledge assets are reflected by investment in research and development. The imperatives of knowledge management entail a new accounting paradigms for measuring and reporting research and development. The reporting power has so beautifully disclosed the operational transactions for a half-millennium. The balance sheet is now failing to keep up with the wave of knowledge management. The accounting's failure to disclose knowledge capital is not just a theoretical problem. It costs all the stakeholder's money and time.. Accounting does not recognize the internally generated intangibles such as research and development, brands, and employee talent. These assets are the engine of knowledge management (Lev, and Gu, 2016). This accounting treatments underestimate financial performance of successful knowledge management. Today, accounting face a situation in which it says that knowledge assets are valuable and tend to be the future of business organizations, but cannot say how (Blagu and Lekhi, 2009). The problem of accounting against knowledge lays in the ways of measuring and reporting knowledge assets. The financial statements have been the white and black screen to show the operational assets images for a half-millennium. Unfortunately, these statements are now failed to show knowledge assets colored images. The accounting model is acting as convertor to turn these images. The accounting's failure to generally measure and disclose knowledge assets is a theoretical problem with dramatic side effects. Uncertainty is one of recognition problem and because of that, accounting recognizes poorly (or partially) knowledge assets such as research and development, brands, and employ talent. In contrast, these assets are considered the value engine of knowledge business model (Lev and GU, 2016). The problem of accounting is that does not recognize internal knowledge management initiatives such as technology under development, knowledge of the employees, manufacturing arrangements, and marketing and distribution systems (Canibano *et al*., 2000). Accounting only recognizes knowledge assets purchased from others in spite of the internal investments is a key source of future profit. This evaluation rule underestimates figures of successful knowledge initiatives and business performance. The inconsistencies of accounting rules that related to knowledge assets under both GAAP and IFRS diminish the usefulness of the financial statements. These deficiencies have been empirically explored in several research projects that suggest loss of relevance, comparability, consistency, and neutrality (Smalt and McComb, 2016). The accounting model by its status qua is insufficient to match knowledge rituality. This view is circulated in most of the business and accounting literatures due to sum of the shortcomings and lacks. However, the discussions centered on the fact that the traditional accounting theory is not providing a source of significant differentiation (See Table-I). The company's viability depends directly on the competitive advantages of its knowledge assets (Holsapple, 2003). Extant researches that have discovered nature of knowledge assets served as the data source for conceptualizing the new