

receivables by accelerating the collection process (Reynolds, 2001). In consequence of a new technology applications, working capital has been shifted. The replacement philosophy reflects huge investment in discovery and learning as a driver for creating virtual assets. These and other applications have initiated a new approach of the technological analysis of financial statements and decision making (Atkeson and Kehoe, 2005). As has been mentioned previously, this approach does not care about owing assets because knowledge management strip off balance sheet of non-current assets (Holsapple, 2003). The business literature addresses this approach under the technology management of business. Reducing the size of accounting assets and transforming the balance sheet to be a business liability are two assumptions of a new approach (Keen and Balance, 1997). The most important contribution among the several is reporting business value creation to provide relevant and timely information about knowledge initiatives (Haskel, 2007). In spite of transactions of value creation may take years to be materialized (Lindsey, 2001). The virtual process of knowledge management enabled the value creation through collaboration among all the stakeholders community. This in turn has affected the mechanism of how value creation transactions are happened and managed. The accounting model does not have an agile dynamic to follow these transactions and as a result, virtual assets are ruled out from being recognized as assets (Pandian, 2011). The virtual paradox also detracts from the quality of financial information provided in the balance sheet. Ignorance of virtual assets provides an example of the virtual paradox of accounting model. The literatures of knowledge management have called to redesign the accounting revenue power as a cornerstone to

deal with the impacts of such paradox. For example, capitalizing research and development, in-house built software is associated with subsequent changes in earnings and then improving relevant of financial information (Hall and Mairesse, 2006). The replacement of accounting assets by virtual assets has put an end to the role of the accounting model in managing business assets. In the move towards accounting for knowledge management, the accountant's community must also consider the virtual assets to sustain the new architecture of revenue power. In front of such situation, business managers need to know how much cash will be produced over what needed to manage the knowledge process. The accounting cash-flows calculated in Table-II will not be enough to match needs of knowledge management. The real concern of knowledge companies are producing cash and creating value. These jobs are function of continuity of knowledge companies. To match these goals, knowledge management needs to know free cash flows which need different assumptions. Accounting for knowledge revenues or accounting for relationships is less about individual or collective sales and costs within each relationship. It's more about investment and returns. The problem is no straightforward relationship links between investment in knowledge initiatives and business performance. Instead there is a complex relationship (Carlucci and Schiuma, 2006). This has been considered a turning point towards initiating knowledge and technological approach in building financial statements (Keen and Balance, 1997; Shaw, 2003). The essence of such approach is based on re-innovating recognition rules and redesigning financial statements to match knowledge assumptions. Figure-3 in below shows the new architecture of knowledge revenue power.