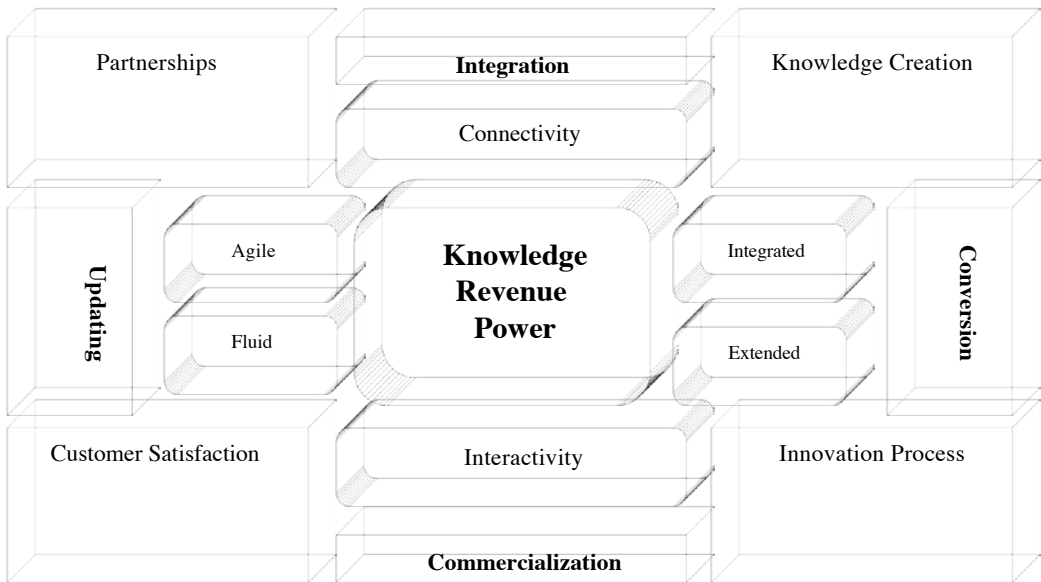


Figure-3: Architecture of Knowledge Revenue Power

4.3 Re-structuring knowledge financial statements

In order to present a birds'-eye view of the problems of accounting against knowledge management, the reporting formats of the financial statements shall be considered. The rigid reporting formats have fueled serious critics against accounting for knowledge management. The reporting formula of the financial statements does not match the basic assumptions of knowledge management. This formula was valid under the assumptions of the industrial management. The reality is that financial statements don't explicitly show any technological content whether in the theoretical philosophy or conceptual building block. As a result, the reporting format of financial statements is a data, backward, historical, physical, monetary, actual, and operations oriented. A major critic against accounting in terms of technology is that the procedural rules and standards have been theorized in isolation

of the technology. Fundamentally, these realities reflect a deeper problem in the theoretical assumptions and reporting structure of accounting. The critical theorists think that because of this logical lack, the accounting model was always static, complex, unrealistic, inefficient, and full of shortcomings. These logical weaknesses have generated undesirable consequences especially that related to financial statements and the information produced. In contrary, the emergence of knowledge business model has dramatically changed the way of doing business. This is very reflected in knowledge management as one of the key driving engines of this model. Thus, this paradox has emerged from the great gap in technology setting between accounting for operations and accounting against knowledge management. The meta-analysis of the technological context of accounting has identified a non-relationship between the technology and the theoretical philosophy of accounting (Hakansson *et al.*, 2010). At this point, accounting theory of operations is a