

**THE ADMISSIBILITY OF ACCOUNTING EVIDENCE
IN THE UNITED STATES COURT SYSTEM, 1776-1940**

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ABSTRACT

This paper examines the historical legal precedents, the legislative actions, and the changing business conditions that led to the admissibility of accounting evidence in the United States court system. Responding to economic and social necessity, colonial America developed a legal system that was more pragmatic in regard to the admissibility of accounting records into evidence than under English common law and statute. The business necessity exception to the hearsay rule established in the colonial period expanded in the 1800s in both state and federal courts, providing new avenues for admitting accounting records. After the Civil War, many states began to enact laws that again broadened the legal basis for the admission of accounting records into evidence. Then, in the late 1920s, due to the differing statutes and common laws of the states, there was a need for the development of model uniform codes for the admission of accounting records. By 1940, the basic American concept for the admissibility of business records had emerged and rules for admitting accounting records into evidence had firmly been established.