

# NEW UZBEKISTAN AND THE MUTUAL INTERESTS OF THE "BIG FOUR" INTERNATIONAL AUDITING COMPANIES

*Turumova Dildora Abdumannonovna<sup>1</sup>*

*Eshmatova Nodira Rayimberdi qizi<sup>2</sup>*

**Annotatsiya:** *In this article, the history of the "Big Four" audit companies, the main audit directions of "PricewaterhouseCoopers", "Ernst & Young", "Deloitte and Touche" and "KRMG" companies, and the "Big Four" audit companies with the Republic of Uzbekistan connections are explained.*

**Kalit so'zlar:** *"Big Four", "PricewaterhouseCoopers", "Ernst & Young", "Deloitte and Touche", "KRMG", general audit, bank audit, consulting.*

In the current period of development, there is an economy and there is an audit. Audit firms usually operate in the form of a joint-stock company or cooperative and have complete independence. They conduct their work according to accounting and auditing rules accepted in each country or internationally. Auditors participating in the work of an auditing firm are called auditors. Audit is to check the financial activities of enterprises, firms, companies, and to pass their reports.

The field of audit began to enter the CIS countries, including the Republic of Uzbekistan, in the 1990s. Until this time, since the majority of property in these countries belonged to the state, there was only "audit" and it was carried out by state agencies. In order to create a solid basis for the audit field in Uzbekistan and to regulate this field, the "Law on Auditing Activity" and "Standards of Auditing Activity" were adopted. The first national audit firms were established, and large international audit firms, such as Deloitte & Touche, Ernst & Young, KPMG, PriceWaterhouseCoopers, among the "Big Four" opened their offices. Today, hundreds of auditing companies have their own audit methodology, but only four are generally recognized leaders. These companies are known as the "Big Four", which include PricewaterhouseCoopers, Ernst & Young, Deloitte and Touche and KRMG. The reasons why these four companies differ sharply from other auditing companies are, firstly, many years of experience and acquired status; secondly, the number of employees of these companies. The business position of the "Big Four" companies has been formed for decades, and the history of some of them goes back a century and a half.

"Big Four" are the four largest companies providing audit and consulting services in the world. These companies used to be eight and were called the "Big Eight". In 1989, Deloitte and Haskins & Sells and Touche Ross merged to become Deloitte & Touche, Ernst&Whinney and Arthur Young merged to become Ernst & Young, the "Big Eight" became the "Big Six". In 1998, the number of large companies decreased again, Price Waterhouse and Coopers&Lybrand merged to become

<sup>1</sup>Teacher of the "Economics and Management" department of Jizzakh Polytechnic Institute  
dildoraturumova1985@gmail.com

<sup>2</sup> Student of Jizzakh Polytechnic Institute nodiraeshmatova86@mail.com



PricewaterhouseCoopers. And finally, in 2002, Arthur Andersen changed from the "Big Five" to the "Big Four" due to the loss of mass customers.

PricewaterhouseCoopers auditing company was formed from the merger of two companies - Price Waterhouse and Coopers & Lybrand. In 1849, Samuel Price opened his own business in London. In 1854, William Cooper started his company in London. Over the years, the companies established by them expanded their activities. And in 1998, these two companies merged to form the auditing company PricewaterhouseCoopers.

The main audit directions of the auditing company "PricewaterhouseCoopers" are as follows:

- general audit;
- bank audit;
- audit of investment institutions;
- consulting and others.

In 1845, 25-year-old William Deloitte opened his own accounting firm in London. Georg Tush graduated from the University of Edinburgh in 1883 and obtained the degree of accountant. In 1900, together with John Niven, he opened the accounting firm "Touch, Niven & Co" in New York. Nobuzo Tomatsu became a certified public accountant in London in 1952 at the age of 57 and opened a private corporation. Later, the three accounting companies merged and formed the basis for the creation of the auditing company "Deloitte and Touche Tohmatsu International".

The main audit areas of Deloitte and Tush auditing company are as follows:

- general audit;
- bank audit;
- consulting and others.

A.S. Ernst and Arthur Young are different people. Young was born in Scotland in 1863 and graduated from Glasgow University. In 1906, he moved to Chicago, USA, and opened the accounting firm "Arthur Young & Co." A.S. Ernst was born in 1881 in Cleveland, USA. Since 1903, he started doing accounting work in cooperation with his brother Theodore. Together with his brother Theodore, Ernst opened an accounting firm. A.S. Ernst and Arthur Young never met each other in life. Both died in 1948. But the accounting firms opened by A.S. Ernst and Arthur Young later developed rapidly, and in 1989 they merged to form the auditing company "Ernst & Young".

The main audit areas of Ernst & Young auditing company are as follows:

- general audit;
- property evaluation and audit;
- audit of insurance companies;
- consulting and others.

KPMG is derived from the abbreviation of the initials of the founders of the audit company. «K» - Klynfeld. Pete Klynfeld "Klynveld Kraayenhof & Co" in the Netherlands opened an accounting firm, which later became the basis for starting work under the name KPMG in the Netherlands. "P" - Pete. William Barclay Peat opened the accounting firm "William Barclay Peat & Co" in London in 1870. "M" - Marwick. James Marwick together with Roger Mitchell opened the accounting firm "Marwick, Mitchell & Co" in New York in 1897. "G" - Gerdeler. Reinhard Gerdeler worked as a representative of



KMG for many years. He founded the merger of KPMG. In 1987, PMI and KMG merged into one company - KPMG.

The main audit directions of the audit company "KPMJ" are as follows:

- general audit;
- bank audit;
- audit of stock exchanges and investment institutions;
- audit of insurance companies;
- consulting and others.

Each of these companies has many offices in different countries and all of them are members of the Institute of Chartered Accountants. The "Big Four" serve approximately 90% of large customers. These firms have the ability to carry out large international projects and provide almost all types of consulting-audit services. Hundreds of auditing companies in the world can't say worse than the "Big Four" companies, but most of the clients have their position. agree to pay more for

It can be concluded that the amount of goodwill calculated for each of the "Big Four" companies will inevitably amount to several billion dollars.

- Usually, companies trying to improve their image in front of third parties order an audit of such companies in the following cases:
- Access to international stock markets;
- Attracting the right investments;
- Establishing close relations with new partners;
- Participation in state tenders;
- Access to new markets, etc.

The position of the "Big Four" companies makes it possible to receive such orders. In this case, it is possible to think about a specific circular cycle of the company's position. Large multinational companies gain a place in the list of clients of the "Big Four" companies, which increases their position, which allows them to acquire even more clients. Audit companies transfer their position to their "small" budget clients. Employees of an auditing company take a part of the company's position with them when they leave their jobs. In this circular cycle, the position of the company does not "obsolete" and "amortized" under the condition of quality control.

- Today, the number of employees and gross income of these companies:
- Gross income      Number of employees

	(2012-2022)	(2012-2022)
<b>“PricewaterhouseCoopers”</b>	31,5-50,5 mlrd	180500-328000
<b>“Ernst &amp; Young”,</b>	31,3-59,3 mlrd	193000-415000
<b>“Deloitte and Touche”</b>	24,4-45,5 mlrd	167000-365400
<b>“KRMG”</b>	23,-34,64 mlrd	145000-265000

Subsidiaries of the "big four" - Ernst & Young, PricewaterhouseCoopers, Deloitte and Touche and KRMG international auditing organizations are also operating in our country. On February 2, 2023, the international consulting company "PricewaterhouseCoopers" (PwC) organized "Investment projects" for employees of the Davactive agency with the participation of Sergey Luzan, director of PwC in



Uzbekistan, and Yermek Jakeev, director of consulting services of PwC in Uzbekistan. A seminar on financing" was organized.

This seminar was organized by the "Big 4" international audit and consulting companies within the framework of training programs for employees of the Davactive Agency. Earlier, similar seminars were held by international consulting companies "KPMG" and "Deloitte".

At the event, attention was paid to the practical issues of financing investment projects, best practices in increasing the investment attractiveness of enterprises, and the possibilities of effective application of these tools to the activities of the Davactive Agency.

Taking into account that companies in Uzbekistan are working on the introduction of state assets and increasing their efficiency, an interactive dialogue was held with the employees of the Davactive agency in order to exchange international experience on this issue.

Within the framework of the seminar, PwC experts discussed with the participants of the seminar the methods of analysis of investment projects, the procedure for increasing investment attractiveness by investors, creditors and state organizations.

The participants saw ways to improve the efficiency of the seminar for the ongoing work on the improvement of legislation and regulatory documents in the field of investments, privatization, public-private partnership in Uzbekistan.

The main ultimate goal of the economic reforms implemented in the Republic of Uzbekistan is to fully establish the principles of market relations in the country's economy. At a time when consistent reforms are being carried out to form an economy based on market relations, we will definitely rely on audit. Our country will exchange more international audit experiences with the "Big Four" audit firms. In accordance with the decision of the President of the Republic of Uzbekistan No. PQ-4611 of February 24, 2020, the costs of training in the field of accounting, as well as taking exams within the framework of the international certification of accountants in accredited educational centers are covered. The services of the "Big Four" international auditing organizations in the transition from accounting to international financial reporting standards (IFRS) in large enterprises and organizations of our republic are incomparable.

To date, 4,454.5 out of 1,277 applicants have been trained by the educational centers accredited by the international organization in the field of accounting on the International Accounting Standards (the courses "Financial reporting on IAS, Diploma in International Financial Reporting (DipIFR ACCA)" within the framework of the international certification of accountants, etc.) million soums of educational expenses were covered. Of these, 1,149 are students and graduates, 112 are teaching staff of higher education institutions in "Accounting" and "Audit", 16 are employees of state bodies.

When analyzed in terms of educational courses, 1189 applicants were covered for the subject of "Financial reporting on MFRS", 53 applicants for the subject of "Audit and assurance services", 35 applicants for the subject of "Diploma in International Financial Reporting (DipIFR ACCA)" given

Also, 1,456.4 mln. in 888 applications received by the applicant for reimbursement of examination expenses within the framework of the international certification of accountants. soum expenses were covered. 865 of these applications were submitted by students and graduates, 5 by teaching staff of



higher education institutions in "Accounting" and "Audit", 18 by employees of state bodies. We believe that this is an important turning point in economic growth for the development of New Uzbekistan.

In conclusion, in order to better understand what needs audit companies actually meet and what is the main factor of their success in business, it is necessary to look at the history of audit development. Therefore, the audit firms of the Republic of Uzbekistan rely on the experiences of the "Big Four" audit companies to implement the practice of conducting independent audits based on international standards, to improve the quality and competitiveness of the services of audit organizations, and to provide users of financial reports with reliable audit conclusions. can have practice.

#### LIST OF REFERENCES:

1. Tuychiev A., Ko'ziev I., Avlokulov A., Sherimbetov I., Avazov I. Audit. Textbook. - T.: "Economy-Finance", 2019. - 620 p.
2. The Law of the Republic of Uzbekistan "On Auditing Activities" of February 25, 2020.
3. Ko'ziev I., Tuychiev A., Khojiev M., Yakubov M. Internal audit. "Economy-Finance", 2019. - 421 p.
4. Турумова, Д. (2022). Банк назоратида ички ва ташқи аудит ўтказишнинг аҳамияти. *Science and Education*, 3(12), 1013-1022.
5. Турумова, Д. (2022). Банк кредитлари аудитини такомиллаштириш масалалари. *Science and Education*, 3(10), 640-645.
6. Abdumannonovna, T. D. (2023). WAYS OF DEVELOPING THE INTERNAL AUDIT SERVICE IN BUSINESS ENTITIES. *JOURNAL OF EDUCATION, ETHICS AND VALUE*, 2(8), 37-40.
7. Turumova, D. A., & o'g'li Tolibboyev, Q. G. (2023). AUDITORLIK FAOLIYATIDA TANLAB TEKSHIRISHNING MOHIYATI. *Educational Research in Universal Sciences*, 2(6), 234-240.
8. Turumova, D. A. (2023). O 'ZBEKISTONDA ICHKI NAZORAT TIZIMI-AUDITORLIK TEKSHIRUVI JARAYONINING ASOSIY ELEMENTI. *Educational Research in Universal Sciences*, 2(4), 608-612.
9. Abdumannonovna, T. D. (2023). AUDITORLIK TEKSHIRUVIDA MUHIMLIK DARAJASI. *SCIENTIFIC ASPECTS AND TRENDS IN THE FIELD OF SCIENTIFIC RESEARCH*, 2(14), 60-62.
10. Abdumannonovna, T. D. (2023). AUDITING MOLIYAVIY BOZOR UCHUN ZARURLIGI. *INNOVATION IN THE MODERN EDUCATION SYSTEM*, 3(34), 290-294.
11. Abdumannonovna, T. D. (2023). AUDITORLIK TEKSHIRUVINI REJALASHTIRISH. *INNOVATIVE DEVELOPMENTS AND RESEARCH IN EDUCATION*, 2(22), 243-248.
12. Abdumannonovna, T. D. (2024). IMPORTANCE AND ROLE OF INTERNAL AUDIT IN ENTERPRISES. *JOURNAL OF EDUCATION, ETHICS AND VALUE*, 3(1), 6-9.
13. Abdumannonovna, T. D. (2024). DEVELOPMENT AND USEFUL ASPECTS OF AUDITING ACTIVITY IN UZBEKISTAN. *JOURNAL OF EDUCATION, ETHICS AND VALUE*, 3(1), 15-18.
14. Abdumannonovna, T. D., & Abdurasul, A. D. (2024). FORMATION OF STATE FINANCE AND AUDIT ACTIVITY IN THE EARLY PERIODS IN UZBEKISTAN. *JOURNAL OF EDUCATION, ETHICS AND VALUE*, 3(1), 34-37.



15. Abdumannonovna, T. D., & Sherzod, K. S. (2024). SIGNIFICANCE AND ROLE OF INTERNATIONAL AUDITING STANDARDS. JOURNAL OF EDUCATION, ETHICS AND VALUE, 3(1), 57-60.
16. Abdumannonovna, T. D. (2024). FRAUD DETECTION IN AN AUDIT. JOURNAL OF EDUCATION, ETHICS AND VALUE, 3(1), 136-140.
17. Abdumannonovna, T. D. (2023). AUDITORLIK DALILLARINING AUDITORLIK TEKSHIRUVIDA DOLZARBLIGI. In " ONLINE-CONFERENCES" PLATFORM (Vol. 1, pp. 469-473).
18. Abdumannonovna, T. D. (2023). AUDITORLIK TEKSHIRUVINI REJALASHTIRISHNING AFZALLIGI. In " ONLINE-CONFERENCES" PLATFORM (Vol. 1, pp. 474-478).
19. Abdumannonovna, T. D. (2023). AUDITORLIK TEKSHIRUVIDA EKSPERT ISHLARIDAN FOYDALANISHNING MUHIM JIHATLARI. In " ONLINE-CONFERENCES" PLATFORM (Vol. 1, pp. 483-487).
20. Abdumannonovna, T. D. (2023). AUDITORLIK XULOSASIDA ASOS BOLUVCHI MALUMOTLAR-AUDITORLIK DALILLARI. In " ONLINE-CONFERENCES" PLATFORM (Vol. 1, pp. 494-498).
21. Abdumannonovna, T. D. (2024). THE AUDITOR'S PROFESSIONAL ETHICS ARE THE BASIS OF THE AUDITOR'S ACTIVITY. JOURNAL OF EDUCATION, ETHICS AND VALUE, 3(1), 225-229.
22. Abdumannonovna, T. D. (2024). AUDITOR ISHI SIFATINI NAZORAT QILISHDA AUDITORLIK STANDARTLARINING UYG'UNLIGI. INNOVATION IN THE MODERN EDUCATION SYSTEM, 4(37), 265-270.
23. Abdumannonovna, T. D., & Habibullo G'anijon o'g, A. (2024). The Role of International Audit Organizations in the Transition to International Standards in Uzbekistan. American Journal of Public Diplomacy and International Studies (2993-2157), 2(2), 1-6.
24. Abdumannonovna, T. D. (2024). An Understanding of the Auditor's Professional Ethics and its Importance in the Auditor's Work. American Journal of Public Diplomacy and International Studies (2993-2157), 2(2), 7-11.
25. Yaxyayevna, R. B. (2023). The Role of the Neighborhood in Preparing Young People for Family Life. AMERICAN JOURNAL OF SCIENCE AND LEARNING FOR DEVELOPMENT, 2(3), 37-40.
26. Yahyoyevna, O. F., & Alexandrovich, A. A. (2024). THE ROLE OF FINANCIAL MANAGEMENT IN IMPROVING THE FINANCIAL CONDITION OF ENTERPRISES. JOURNAL OF EDUCATION, ETHICS AND VALUE, 3(1), 44-47.
27. Odilovna, U. Z., & Alexandrovich, A. A. (2024). ECONOMIC AND LEGISLATIVE CORNERSTONES OF INVESTMENT POLICY OF THE REPUBLIC OF UZBEKISTAN. JOURNAL OF EDUCATION, ETHICS AND VALUE, 3(1), 87-90.

