MODERNIZING THE ECONOMIC VALUATION OF FIXED ASSETS IN RAILWAY TRANSPORT ENTERPRISES: CHALLENGES AND PERSPECTIVES

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Abstract: The effectiveness of railway transport enterprises depends significantly on the rational use and accurate valuation of their fixed assets. In Uzbekistan, the modernization of railway infrastructure and the transition to market-based economic management highlight the need for advanced methods of economic assessment of fixed assets. This paper analyzes the shortcomings of traditional asset valuation practices and outlines theoretical and practical measures for improving them. Enhanced asset valuation methods are essential to increase operational efficiency, attract investment, and ensure sustainable development of the national railway sector.

Keywords: railway enterprises, fixed assets, asset valuation, modernization, depreciation, investment attractiveness, Uzbekistan

Introduction

Railway transport is a backbone of Uzbekistan's transport system, serving as a key link for domestic and international freight and passenger traffic. The sector's reliability and efficiency are closely tied to the state and management of its fixed assets, which include rolling stock, railway lines, stations, bridges, and signaling equipment.

For decades, fixed asset valuation in railway enterprises has relied on historical cost accounting and standard depreciation schedules. While these methods served the planned economy model, they are increasingly insufficient for the needs of a market-oriented economy. Inaccurate or outdated valuations hinder the optimal renewal and use of assets, distort financial reporting, and reduce the attractiveness of the sector for investors.

Given the strategic importance of the railway system and the scale of investments required for its modernization, there is a pressing need to improve the theoretical and methodological foundations of fixed asset valuation in railway transport enterprises.

Materials and Methods

This paper employs a multi-method approach, combining literature review, analysis of national accounting standards, and comparative evaluation of international best practices. Statistical data on the structure, composition, and depreciation of fixed assets in Uzbekistan's railway sector are analyzed to identify systemic trends and weaknesses.

Policy documents, including national development strategies, annual reports from Uzbekistan Railways, and relevant sections of International Financial Reporting Standards (IFRS) are reviewed.

The study also draws on practical examples from leading railway companies in Europe and Asia to propose recommendations suitable for Uzbekistan's context.

Results

The findings reveal several critical issues in the current approach to asset valuation:

First, reliance on historical cost underestimates the true replacement cost of fixed assets, especially in the context of currency fluctuations and inflation. As a result, the balance sheet may not accurately represent the real economic value of key assets.

Second, standard depreciation schedules do not always reflect actual asset usage or the rapid technological obsolescence of modern railway equipment. This can lead to either premature write-offs or the continued use of outdated and inefficient assets.

Third, the absence of regular revaluation mechanisms limits the ability of railway enterprises to adjust asset values in line with market conditions. This affects financial transparency and the ability to secure loans or attract private investment.

Finally, the lack of integrated asset management systems makes it difficult to monitor asset conditions, plan timely upgrades, and forecast long-term investment needs.

Discussion

To address these challenges, railway transport enterprises in Uzbekistan must adopt modern principles of asset valuation aligned with global practices.

One approach is to introduce periodic revaluation of fixed assets based on fair market value. This requires building internal capacity for market-based appraisal and ensuring compliance with international accounting standards such as IFRS 13 Fair Value Measurement.

Updating depreciation policies is equally important. More flexible methods, such as units-of-production or component depreciation, can better match the actual wear and tear of assets and encourage more rational maintenance and replacement planning.

The integration of digital asset management systems can provide accurate real-time data on asset conditions, maintenance history, and expected service life. This supports evidence-based decisions on repair, renewal, or disposal.

Additionally, training programs for financial managers and engineers are needed to build expertise in advanced valuation techniques and international reporting standards. This will contribute to higher transparency and investor confidence.

Conclusion

Modernizing the economic valuation of fixed assets in Uzbekistan's railway transport enterprises is vital for achieving higher efficiency, financial sustainability, and competitiveness. Moving towards market-based asset valuation methods, updating depreciation models, and integrating digital monitoring tools will strengthen asset management practices.

Such improvements will enable railway enterprises to optimize capital investment, attract external financing, and contribute to the sustainable growth of the national transport system.

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