



INTERVIEW

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THE SUNDAY TIMES

Rail fat cats send £700m to offshore tax havens

Karl West Published: 20 May 2012



Angel Trains, which owns South West Trains stock, paid out £300m in dividends (Stephen Hird)

THE three companies that own Britain's trains have paid their offshore owners almost £700m in dividends since 2008.

Angel Trains, Porterbrook and Eversholt paid out the bumper awards through holding companies in Jersey and Luxembourg. The big dividends are revealed as the rest of the railway is trying to find £3.5 billion in savings.

The three were set up 15 years ago when John Major's government broke up British Rail. They lease rolling stock to train operators, and have had the market to themselves since British Rail was privatised. This arrangement was scrutinised in 2009, when the Competition Commission concluded that the three may have cost the taxpayer £100m a year by overcharging.

Accounts for the companies reveal they continue to be lucrative for their backers. Angel's Jersey-based parent, Willow Bidco, paid out almost £300m in dividends over the past three years. The company was bought by five investment funds, led by Arcus Infrastructure, from Royal Bank of Scotland in 2008 for £3.6 billion. Angel insisted: "Neither Angel Trains nor its shareholders receive any tax benefit from the Jersey structure."

Porterbrook is owned through Jersey-based Porterbrook Rail Finance. It has paid £304m in dividends since 2008, the year it was bought from Abbey National for £2 billion. The leasing company is now 52% owned by Deutsche Bank, with the rest split between the investment funds OP Trust and Antin Infrastructure. Paul Francis, managing director of Porterbrook, said its offshore holding structure allowed it to raise cheaper capital to invest in new trains.

Eversholt was sold by HSBC for £2.1 billion at the end of 2010 to 3i Infrastructure, Star Capital and Morgan Stanley. They own Eversholt through a Luxembourg holding company. The train group set aside £92m last year for a "distribution", which included a dividend.