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THE SUNDAY TIMES

Branson in £14m payout

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Gravy train: Richard Branson has raked in big dividends (Tony Woolliscroft)

SIR RICHARD BRANSON raked in a £13.8m dividend from Virgin Rail last year despite a 40% dive in operating profits.

The payout is equivalent to 44.5p from each of the 31m passengers who used the London to Glasgow route.

Virgin Rail, a joint venture with Stagecoach, has operated services on the West Coast main line since 1997.

Branson recently revealed that his company and its listed partner had taken total dividends of £499m. Virgin's 51% stake indicates it has banked about £254.5m of the windfall.

Branson's haul is even more startling because Virgin Rail began paying dividends only nine years ago.

Virgin Rail almost lost the lucrative franchise last year when the Department for Transport awarded a 14-year deal to First Group. An aggressive campaign by Branson forced the government to reverse its decision after it discovered that officials had made

miscalculations.

Since December, Virgin has had a three-year management contract while the government conducts a review of rail franchising policy.

In its annual results last week, Stagecoach revealed the government had refunded to Virgin Rail £12.7m of costs from the franchise bidding contest.

It also indicated that the company had operating profits of £26.2m in the year to the end of April, down 40.5% on the previous 12 months.

Virgin said: "Virgin Trains has turned the West Coast line from a national liability, costing the government hundreds of millions to run a year, into a business worth more than £5bn to the taxpayer."

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