

FF 000424

VECTOR AIR EXPRESS, INC.

1979

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ORIGINAL

Freight Forwarders
(Class A)Annual Report Form
F-1

1979

MAY 19 1980

Approved by GAO
B-180230 (R0254)
Expires

Due: March 31, 1980

121018

1. CORRECT NAME AND ADDRESS IF DIFFERENT THAN
SHOWN. (See instructions)Vector Air Express, Inc.
P.O. Box 751
Jamaica, New York 11430

FF000424

NAME AND ADDRESS OF REPORTING CARRIER (attach
label from front cover on original, copy in full on
duplicate)

Formerly,

USAIR Freight, Inc.
P.O. Box 751
Jamaica, New York 11430

FF000424

2. State whether respondent is an individual owner, partnership, corporation, association, etc.: Corporation

3. If a partnership, state the names and addresses of each partner including silent or limited, and their interests:

Name	Address	Proportion of Interest

4. If a corporation, association or other similar form of enterprise, give:

(a) Dates and States of incorporation or organization: 9/16/40 Delaware

(b) Directors' names, addresses, and expiration dates of terms of office:

Name	Address	Term Expires
J. W. Wolcott	747 Third Avenue, New York City	May 1980
L. Berman	747 Third Avenue, New York City	May 1980
J. M. Forehand	747 Third Avenue, New York City	May 1980
R. Lehmann	747 Third Avenue, New York City	May 1980

(c) The names and titles of principal general officers:

Name	Title
J. W. Wolcott	Chairman of the Board
J. V. Healy	President
D. C. Bevan, Jr.	Vice President
L. Berman	Secretary
J. M. Forehand	Treasurer

5. Give the voting power, elections, and stockholders, as follows:

A. Total voting securities outstanding:

(1) Common	2,000	shares	2,000	voter
(2) 1st Preferred		shares		votes
(3) 2nd Preferred		shares		votes
(4) Other securities		shares		votes

B. Does any class of securities carry any special privileges in any elections or in the control of corporate action?
No

If so, describe each such class or issue, showing the character and extent of such privileges:

C. State for each class of stock the total number of stockholders of record at the latest date of closing of stock book or compilation of list of stockholders prior to date of submitting this report:

(1) Common one (2) 1st Preferred _____ (3) 2nd Preferred _____
 (4) Other _____ (5) Date of closing stock book _____

6. Give names of the ten security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent (if within 1 year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each his address, the number of votes which he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him. If any such holder held securities in trust, give (in a footnote) the particulars of the trust. If the stock book was not closed or the list of stockholders compiled within such year, show such ten security holders as of the close of the year.

Name of security holder (a)	Address (b)	Number of votes, to which entitled (c)	Number of votes, classified			
			Common (d)	1st Preferred (e)	2nd Preferred (f)	Other securities (g)
Transway Int'l Corp	747 Third Ave., N.Y.	100%	100%			

7. The respondent is required to send to the Bureau of Accounts, immediately upon preparation two copies of its latest annual report to stockholders.

Check appropriate box:

☐ Two copies are attached to this report.

☐ Two copies will be submitted _____
 (date)

☒ No annual report to stockholders is prepared.

8. If the respondent was formed as a result of consolidations or mergers during the year, name all constituent companies, and give specific references to charters or general laws governing each organization, date and authority for each consolidation and each merger received from a regulatory body, and date of consummation.

N/A

9. If the respondent was reorganized during the year, give name of original corporation and the laws under which it was organized, or the name of owner or partners, the reason for the reorganization, and date of reorganization.

N/A

10. If the respondent was subject to a receivership during the year, state:

A. Date of receivership N/A

B. Court of jurisdiction under which operations were conducted _____

C. Date when possession under it was required _____

D. Name of receiver, receivers, or trustee _____

11. If any individual, individuals, association, or corporation held control, as trustee, other than receivership, over the respondent at the close of the year, state-- N/A

A. Date of trusteeship _____

B. Authority for trusteeship _____

C. Name of trustee _____

D. Name of beneficiary or beneficiaries _____

E. Purpose of trust _____

12. Give a list of companies under common control with respondent

N/A

13. Furnish a complete list of all companies controlled by the respondent, either directly or indirectly, at the close of the year. List under each directly controlled company the companies controlled by it and under each company any others of more remote control. Each step of control should be appropriately indented from the left margin. After each company state the percentage, if any, of the voting power represented by securities owned by the immediately controlling company:

N/A

14. Give a complete list showing companies controlling the respondent, as of the close of the year. Commence with the company which is the most remote and list under each such company the company immediately controlled by it. Each step of control should be appropriately indented from the left margin. After each company state the percentage, if any, of the voting power represented by securities owned by the immediately controlling company. When any company listed is immediately controlled by or through two or more companies jointly, list all such companies and list the controlled company under each of them, indicating its status by appropriate cross references:

Transway International Corporation - 100%

15. States in which traffic is originated and/or terminated: (check appropriate boxes)

Alabama _____	Georgia _____	Maryland _____	New Jersey _____	South Carolina _____
Alaska _____	Hawaii _____	Massachusetts _____	New Mexico _____	South Dakota _____
Arizona _____	Idaho _____	Michigan _____	New York _____	Tennessee _____
Arkansas _____	Illinois _____	Minnesota _____	North Carolina _____	Texas _____
California _____	Indiana _____	Mississippi _____	North Dakota _____	Utah _____
Colorado _____	Iowa _____	Missouri _____	Ohio _____	Vermont _____
Connecticut _____	Kansas _____	Montana _____	Oklahoma _____	Virginia _____
Delaware _____	Kentucky _____	Nebraska _____	Oregon _____	Washington _____
District of Columbia _____	Louisiana _____	Nevada _____	Pennsylvania _____	West Virginia _____
Florida _____	Maine _____	New Hampshire _____	Rhode Island _____	Wisconsin _____
				Wyoming _____

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*Traffic originates and terminates in all of the states.

16. COMPARATIVE BALANCE SHEET STATEMENT - ASSET SIDE

Give the following financial data at the beginning of the year and at the close of the year (omit cents):

Line No.	Balance at beginning of year (a)	Item (b)	Balance at close of year (c)
		I. CURRENT ASSETS	
1	\$ 80,000	(100) Cash	\$ (224,000)
2		(101) Special cash deposits (Sec. 18)	
3		(102) Temporary cash investments	
4	XXXXXX	1. Pledged \$	XXXXXX
5		2. Unpledged \$	
6	XXXXXX	(103) Working advances	XXXXXX
7	XXXXXX	(104) Notes receivable	XXXXXX
8	1,093,000	(105) Accounts receivable	1,263,000
9		(106) Less: Reserve for doubtful accounts	35,000
10	11,000	(107) Accrued accounts receivable	1,228,000
11	13,000	(108) Materials and supplies	2,000
12		(109) Other current assets	
13	1,197,000	(110) Deferred income tax charges (Sec. 19)	1,006,000
		Total current assets	
		II. SPECIAL FUNDS AND DEPOSITS	
14	XXXXXX	(120) Sinking and other funds	XXXXXX
15		Less: Nominally outstanding	
16	XXXXXX	(121) Special deposits	XXXXXX
17		Less: Nominally outstanding	
18		Total special funds	
		III. INVESTMENT SECURITIES AND ADVANCES	
19		(130) Investments in affiliated companies (Sec. 20)	
20	XXXXXX	1. Pledged \$	XXXXXX
21		2. Unpledged \$	
22		Undistributed earnings from certain investments in affiliated companies (Sec. 21)	
23	XXXXXX	(131) Other investments (Sec. 20)	XXXXXX
24		1. Pledged \$	
25		2. Unpledged \$	
26		(132) Less: Reserve for adjustment of investments in securities	
		(133) Allowance for net unrealized loss on noncurrent marketable equity securities	
		Total investment securities and advances	
		IV. TANGIBLE PROPERTY	
27	XXXXXX	(140) Transportation property (Sec. 22-A)	197,000
28	69,000	(149) Less: Depreciation and amortization reserve	148,000
		Transportation property (Sec. 22-B)	49,000
29	XXXXXX	(160) Nontransportation property (Sec. 23)	131,000
30	15,000	(161) Less: Depreciation reserve	61,000
		Nontransportation property (Sec. 23)	70,000
31	84,000	Total tangible property	119,000
		V. INTANGIBLE PROPERTY	
32		(165) Organization	
33		(166) Other intangible property	
34		Total intangible property	
		VI. DEFERRED DEBITS AND PREPAID EXPENSES	
35	3,000	(170) Prepayments	3,000
36	18,000	(172) Other deferred debits	173,000
37		(173) Accumulated deferred income tax charges (Sec. 19)	
38	21,000	Total deferred debits and prepaid expenses	176,000
		VII. REACQUIRED AND NOMINALLY ISSUED SECURITIES	
39	XXXXXX	(190) Reacquired and nominally issued long-term debt	XXXXXX
40	XXXXXX	Reacquired 1. Pledged \$	XXXXXX
41	XXXXXX	2. Unpledged \$	XXXXXX
42	XXXXXX	Nominally issued 1. Pledged \$	XXXXXX
43	XXXXXX	2. Unpledged \$	XXXXXX
44	XXXXXX	(191) Nominally issued capital stock	XXXXXX
45	XXXXXX	1. Pledged \$	
46	1,302,000	2. Unpledged \$	
		TOTAL ASSETS	1,301,000
47		Contingent assets (not included above)	

For compensating balances not legally restricted, see Sec. 17.

COMPARATIVE BALANCE SHEET STATEMENT—LIABILITY SIDE

5

Line No.	Balance at beginning of year (a)	Item (b)	Balance at close of year (c)
5		VIII. CURRENT LIABILITIES	\$
48		(200) Notes payable	
49	1,163,000	(201) Accounts payable	1,135,000
50		(202) Accrued interest	
51		(203) Dividends payable	
52	24,000	(204) Accrued taxes	43,000
53		(205) Accrued accounts payable	
54	(55,000)	(208) Deferred income tax credits (Sec. 19)	(169,000)
55	1,132,000	(209) Other current liabilities	1,009,000
56		Total current liabilities	
		IX. LONG-TERM DEBT	
		(b1) Less—Nominally outstanding (b2) Less—Nominally issued	
57		(210) Funded debt (Sec. 29) \$	\$
58	39,000	(210.5) Capitalized leased obligations	15,000
59		(211) Receivers' and trustees' securities (Sec. 29)	
60	1,007,000	(212) Amounts payable to affiliated companies (Sec. 30)	1,922,000
61		(213) Long-term debt in default (Sec. 29)	
62		(218) Discount on long-term debt	
63		(219) Premium on long-term debt	
64	1,046,000	Total long-term debt	1,937,000
		X. RESERVES	
65		(220) Insurance reserves	
66		(221) Provident reserves	
67		(222) Other reserves	
68		Total reserves	
		XI. DEFERRED CREDITS	
69		(231) Other deferred credits	
70		(232) Accumulated deferred income tax credits (Sec. 19)	
71		Total deferred credits	
		XII. CAPITAL AND SURPLUS	
72	68,000	(240) Capital stock (Sec. 31)	68,000
73		(241) Premiums and assessments on capital stock	
74		Total (Lines 70 and 71)	68,000
75		Less—Nominally issued capital stock	
76	(14,000)	(242) Discount, commission and expense on capital stock	(14,000)
77		Total (Lines 73 and 74)	(14,000)
78	68,000	Total (Lines 72 and 75)	68,000
79		(243) Proprietorial capital	
80		(250) Unearned surplus	
81	xxxxxxx	1. Paid in \$ 2. Other \$	xxxxxxx
82		(260) Earned surplus—Appropriated	
83	(930,000)	(270) Earned surplus—Unappropriated (Deficit in paren.) (Sec. 32)	(1,699,000)
84	xxxxxxx	1. Distributed \$ 2. Undistributed \$	xxxxxxx
85		(279) Net unrealized loss on noncurrent marketable equity securities	
86		(280) Less: Treasury stock	
87	xxxxxxx	1. Pledged \$ 2. Unpledged \$	xxxxxxx
88	(876,000)	Total capital and surplus	(1,645,000)
89	1,302,000	TOTAL LIABILITIES	1,301,000
90		Contingent liabilities (not included above)	

COMPARATIVE BALANCE SHEET STATEMENT—EXPLANATORY NOTES

Estimated accumulated net Federal income tax reduction realized since December 31, 1949, under section 168 (formerly section 124-A) of the Internal Revenue Code because of accelerated amortization of emergency facilities in excess of recorded depreciation \$ N/A

Estimated accumulated savings in Federal income taxes resulting from computing book depreciation under Commission rules and computing tax depreciation using the items listed below \$ 2,386

—Accelerated depreciation since December 31, 1953, under section 167 of the Internal Revenue Code.

—Guideline lives since December 31, 1961, pursuant to Revenue Procedure 62-21.

—Guideline lives under Class Life System (Asset Depreciation Range) since December 31, 1970, as provided in the Revenue Act of 1971.

(1) Estimated accumulated net income tax reduction utilized since December 31, 1961, because of the investment tax credit authorized in the Revenue Act of 1962, as amended.

(2) If carrier elected, as provided in the Revenue Act of 1971, to account for the investment tax credit under the deferral method, indicate the total deferred investment tax credit at beginning of year \$ N/A

Add investment tax credits applied to reduction of current year's tax liability but deferred for accounting purposes \$

Deduct deferred portion of prior year's investment tax credit used to reduce current year's tax accrual \$

Other adjustments (indicate nature such as recapture on early disposition) \$

Total deferred investment tax credit at close of year \$

Investment tax credit carryover at year end \$

Cost of pension plan:

Past service costs determined by actuaries at year end \$ N/A

Total pension costs for year:

Normal costs \$ 87,000

Amortization of past service costs \$

Estimated amount of future earnings which can be realized before paying Federal income taxes because of unused and available net operating loss carryover on January 1 of the year following that for which the report is made \$

State whether a segregated political fund has been established as provided by the Federal Election Campaign Act of 1971 (18 U.S.C. 610). YES NO X

Marketable Equity Securities—to be completed by companies with \$10.0 million or more in gross operating revenues:

1. Changes in Valuation Accounts N/A

		Cost	Market	Dr. (Cr) to Income	Dr. (Cr) to Stockholders Equity
Current year	Current Portfolio	\$	\$	\$	x x x x
as of / /	Noncurrent Portfolio			x x x x	\$
Previous year	Current Portfolio			x x x x	x x x x
as of / /	Noncurrent Portfolio			x x x x	x x x x

2. At / / , gross unrealized gains and losses pertaining to marketable equity securities were as follows:

	Gains	Losses
Current	\$	\$
Noncurrent		

3. A net unrealized gain (loss) of \$ on the sale of marketable equity securities was included in net income for (year). The cost of securities sold was based on the (method) cost of all the shares of each security held at time of sale.

Significant net realized and net unrealized gains and losses arising after date of the financial statements but prior to their filing, applicable to marketable equity securities owned at balance sheet date shall be disclosed below:

NOTE: / / - date - Balance sheet date of the current year unless specified as previous year.

17.—COMPENSATING BALANCES AND SHORT-TERM BORROWING ARRANGEMENTS

Using the following notes as a guideline, show the requirements of compensating balances and short-term borrowing arrangements if operating revenues are \$10 million or more. Footnote disclosure is required even though the arrangement is not reduced to writing.

1. Disclose compensating balances not legally restricted, lines of credit used and unused, average interest rate of short-term borrowings outstanding at balance sheet date, maximum amount of outstanding borrowings during the period and the weighted average rate of those borrowings.
2. Time deposits and certificates of deposit constituting compensating balances not legally restricted should be disclosed.
3. Compensating balance arrangements need only be disclosed for the latest fiscal year.
4. Compensating balances under an agreement which legally restricts the use of such funds, and which constitute support for short-term borrowing arrangements, should be included in section 18, account 101, Special cash deposits.
5. Compensating balances under an agreement which legally restricts the use of such funds and which constitute support for long-term borrowing arrangements and are reported in account 121, Special deposits, should also be separately disclosed below.
6. Compensating balance arrangements are sufficiently material to require disclosure in footnotes when the aggregate of written and oral agreement balances amount to 15 percent or more of liquid assets (current cash balances, restricted and unrestricted plus marketable securities).
7. When a carrier is not in compliance with a compensating balance requirement, that fact should be disclosed along with stated and possible sanctions whenever such possible sanctions may be immediate (not vague or unpredictable) and material.

N/A

18.—SPECIAL CASH DEPOSITS

For other than compensating balances, state separately each item of \$10,000 or more reflected in account 101. Special cash deposits, at the close of the year. Items of less than \$10,000 may be combined in a single entry and described as "Minor items less than \$10,000". For compensating balances, state separately the total amounts held on behalf of respondent and held on behalf of others.

Line No.	Purpose of deposit (a)	Balance at close of year (b)
		\$
	Interest special deposits:	
1		
2		
3		
4		
5		
6	Total	N/A
	Dividend special deposits:	
7		
8		
9		
10		
11		
12	Total	N/A
	Miscellaneous special deposits:	
13		
14		
15		
16		
17		
18	Total	N/A
	Compensating balances legally restricted:	
19	Held on behalf of respondent	
20	Held on behalf of others	
21	Total	N/A

21 Report below the details of all investments in common stocks included in account 130. Investments in affiliated companies, which qualify for the equity method under instruction 28 in the Uniform System of Accounts for Freight Forwarders.

Enter in column (c) the amount necessary; to retroactively adjust those investments qualifying for the equity method of accounting in accordance with instruction 28(b) (11) of the Uniform System of Accounts.

Enter in column (d) the share of undistributed earnings (i.e., less dividends) or losses.

Enter in column (e) the amortization for the year of the excess of cost over equity in net assets (equity over cost at date of acquisition. See instruction 28(b)(4).

The total of column (g) must agree with column (b), line 21, Section 16.

UNDISTRIBUTED EARNINGS FROM CERTAIN INVESTMENTS IN AFFILIATED COMPANIES

Line No.	Name of issuing company and description of security held (a)	Balance at beginning of year (b)	Adjustment for investments qualifying for equity method (c)	Equity in undistributed earnings (losses) during year (d)	Amortization during year (e)	Adjustment for investments disposed of or written down during year (f)	Balance at close of year (g)
1	Carriers (Last specifies for each company)	\$	\$	\$	\$	\$	\$
2							
3							
4							
5	N/A						
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18	Total						
19	Noncarriers (Show totals only for each column)						
20	Total (lines 18 and 19)						

22. Give details as called for of investment in transportation property, and reserve for depreciation and amortization for balances as stated for accounts (140) and (149) in section 16.

A. INVESTMENT

Property accounts	Balance at beginning of year	Charges	Credits	Adjustments Dr. - Debit Cr. - Credit	Balance at close of year
	\$	\$	\$	\$	\$
141. Furniture and office equipment					
142. Motor and other highway vehicles	182,000	15,000			197,000
143. Land and public improvements					
144. Terminal and platform equipment					
145. Other property account charges					
Total	182,000	15,000			197,000

B. DEPRECIATION AND AMORTIZATION RESERVE

Property accounts	Balance at beginning of year	Charges	Credits	Adjustments Dr. - Debit Cr. - Credit	Balance at close of year
	\$	\$	\$	\$	\$
141. Furniture and office equipment	113,000	35,000			148,000
142. Motor and other highway vehicles					
143. Land and public improvements (depreciable property)					
144. Terminal and platform equipment					
145. Other property account charges (depreciable property)					
Total	113,000	35,000			148,000

23. Give details of investment in nontransportation property, and depreciation reserve for balances at close of the year, as stated for accounts (160) and (161) in section 16.

Description of property	Book cost of property	Depreciation reserve
Furniture and Fixtures	\$ 131,000	\$ 61,000
Total	131,000	61,000

24.—RENTAL EXPENSE OF LESSEE

Complete this schedule only if (a) carrier operating revenues are \$10 million or more and (b) if gross rental expense in the most recent fiscal year exceeds one percent of operating revenue.

Otherwise, show total rental expense (reduced by rentals from subleases) entering into the determination of results of operations for each period for which an income statement is presented. Rental payments under short-term leases for a month or less which are not expected to be renewed need not be included. Contingent rentals, such as those based on usage or sales, shall be reported separately from the basic or minimum rentals.

Line No.	Type of lease (a)	Current year (b)	Prior year (c)
	Financing leases:	\$	\$
1	Minimum rentals		
2	Contingent rentals	()
3	Sublease rentals		
4	Total financing leases		
	Other leases:		
5	Minimum rentals		
6	Contingent rentals	()
7	Sublease rentals		
8	Total other leases		
9	Total rental expense of lessee	N/A	N/A

NOTE: As used in section 24 through 28, a "financing lease" is defined as a lease which, during the noncancellable lease period, either (a) covers 75% or more of the economic life of the property or (b) has terms which assure the lessor a full recovery of the fair market value (which would normally be represented by his investment) of the property at the inception of the lease plus a reasonable return on the use of the assets invested subject only to limited risk in the realization of the residual interest in the property and the credit risks generally associated with secured loans.

25.—MINIMUM RENTAL COMMITMENTS

Complete this schedule only if (a) carrier operating revenues are \$10 million or more and (b) gross rental expense in the most recent fiscal year exceeds one percent of operating revenue.

Show the minimum rental commitments under all noncancellable leases, as of the date of the latest balance sheet presented, in the aggregate (with disclosure of the amounts applicable to noncapitalized financing leases) for (a) each of the five succeeding fiscal years; (b) each of the next three five-year periods; and, (c) the remainder as a single amount. The amounts so determined should be reduced by rentals to be received from existing noncancellable subleases (with disclosure of the amounts of such rentals). For purposes of this rule, a noncancellable lease is defined as one that has an initial or remaining term of more than one year and is noncancellable, or is cancellable only upon the occurrence of some remote contingency or upon the payment of a substantial penalty.

Line No.	Year ended (a)	A			B	
		Financing leases (b)	Other Leases (c)	Total (d)	Sublease rentals*	
					Financing leases (e)	Other leases (f)
1	Next year	\$ N/A	\$	\$	\$	\$
2	In 2 years					
3	In 3 years					
4	In 4 years					
5	In 5 years					
6	In 6 to 10 years					
7	In 11 to 15 years					
8	In 16 to 20 years					
9	Subsequent					

* The rental commitments reported in Part A of this schedule have been reduced by these amounts.

26.—LESSEE DISCLOSURE

Complete this schedule only if carrier operating revenues are \$10 million or more.

Relate in general terms: (a) the basis for calculating rental payments if dependent upon factors other than the lapse of time; (b) existence and terms of renewal or purchase options, escalation clauses, etc.; (c) the nature and amount of related guarantees made or obligations assumed; (d) restrictions on paying dividends, incurring additional debt, further leasing, etc.; and, (e) any other information necessary to assess the effect of lease commitments upon the financial position, results of operations, and changes in financial position of the lessee.

Line No.	
	(a)
1	N/A
2	
3	
4	
5	
6	
7	
8	
	(b)
9	
10	
11	
12	
13	
14	
15	
16	
	(c)
17	
18	
19	
20	
21	
22	
23	
24	
	(d)
25	
26	
27	
28	
29	
30	
31	
32	
	(e)
33	
34	
35	
36	
37	
38	
39	
40	

27.—LEASE COMMITMENTS—PRESENT VALUE

Complete this schedule only if (a) carrier operating revenues are \$10 million or more and (b) if the present value of the minimum lease commitments are more than five percent of the sum of the long-term debt, stockholders' equity and the present value of the minimum lease commitments, or if the impact on net income (as computed in section 28, Income impact—Lessee) is three percent or more of the average net income for the most recent three years.

Show all noncapitalized financing leases, the present value of the minimum lease commitments in the aggregate and by major categories of properties. Present values shall be computed by discounting net lease payments (after subtracting, if practicable, estimated, or actual amounts, if any, applicable to taxes, insurance, maintenance and other operating expenses) at the interest rate implicit in the terms of each lease at the time of entering into the lease.

Show either the weighted average interest rate (based on present value) and range of rates or specific interest rates for all lease commitments.

Line No.	Asset category (a)	Present value		Range		Weighted average	
		Current year (b)	Prior year (c)	Current year (d)	Prior year (e)	Current year (f)	Prior year (g)
		\$	\$				
1	Structures						
2	Revenue equipment						
3	Shop and garage equipment						
4	Service cars and equipment						
5	Noncarrier operating property						
	Other (Specify)						
6							
7							
8							
9							
10	Total	N/A					

28.—INCOME IMPACT—LESSEE

Complete this schedule only if carrier operating revenues are \$10 million or more.

If the impact on net income is less than three percent of the average net income for the most recent three years, a statement to that effect will suffice to complete this schedule. Otherwise, show the impact on net income for each period for which an income statement is presented if all noncapitalized financing leases were capitalized, related assets were amortized on a straight-line basis and interest cost was accrued on the basis of the outstanding lease liability. The amounts of amortization and interest cost shall be separately identified.

In calculating average net income, loss-years should be excluded. If losses were incurred in each of the most recent three years, the average loss shall be used for purposes of this test.

Line No.	Item (a)	Current year (b)	Prior year (c)
		\$	\$
1	Amortization of lease rights		
2	Interest		
3	Rent expense		
4	Income tax expense		
5	Impact (reduction) on net income	N/A	N/A

32. Show items of Earned surplus—Unappropriated for the year, classified in accordance with the Uniform System of Accounts for Freight Forwarders. All contra entries hereunder should be indicated in parentheses. Include in column (b) only amounts applicable to earned surplus exclusive of any amounts included in column (c). Segregate in column (c) all amounts applicable to the equity in undistributed earnings (losses) of affiliated companies based on the equity method of accounting. See account (270) in section 16.

Line No.	Item (a)	Retained earnings accounts (b)	Equity in undistributed earnings of affiliated companies (c)
		\$ (928,693)	xxx
1	(270) Earned surplus (or deficit) at beginning of year	xxx	
2	(300) Equity in undistributed earnings (losses) of affiliated companies at beginning of year		
3	(300) Income balance (Sec. 33)	(767,182)	
4	(301) Miscellaneous credits		
5	(302) Prior period adjustments to beginning earned surplus account		
6	(310) Miscellaneous debits		xxx
7	(311) Miscellaneous reservations of earned surplus		xxx
8	(312) Dividend appropriations of earned surplus		xxx
9	(270) Earned surplus (or deficit) at close of year	xxx	
10	Equity in undistributed earnings (losses) of affiliated companies at end of year		xxx
11	Balance from line 10(c)		
12	Total unappropriated earned surplus and equity in undistributed earnings (losses) of affiliated companies at end of year (lines 9 and 11)	(1,695,875)	xxx

Net of assigned income taxes: account 901 \$ _____ (explain)
 account 310 _____ (explain)

33.—INCOME STATEMENT FOR THE YEAR

Give the following income account for the year (omit cents):

Line No.	Item (a)	Amount (b)
ORDINARY ITEMS		
FORWARDER OPERATING INCOME		\$ 2,646,321
1	(400) Operating revenues (Sec. 34) _____	4,330,553
2	(410) Operating expenses (Sec. 35) _____	(1,684,232)
3	*Net revenue from forwarder operations (line 1, line 2) _____	
4	(411) Transportation tax accruals (Sec. 36) _____	(1,684,232)
5	*Net revenue, less taxes, from forwarder operations (line 3, line 4) _____	
OTHER INCOME		
6	(401) Dividend (other than from affiliates) and interest income _____	
7	(402) Release of premium on long-term debt _____	
8	(403) Miscellaneous income _____	
9	Income from affiliated companies _____	
9	Dividends _____	
10	Equity in undistributed earnings (losses) _____	
11	Total other income _____	(1,684,232)
12	*Total income (line 5, line 11) _____	
MISCELLANEOUS DEDUCTIONS FROM INCOME		
13	(412) Provision for uncollectible accounts _____	72,000
14	(413) Miscellaneous tax accruals _____	19,500
15	(414) Miscellaneous income charges _____	91,500
16	Total income deductions _____	(1,775,732)
17	*Income from continuing operations before fixed charges (Lines 12, 16) _____	
FIXED CHARGES		
18	(420) Interest on long-term debt _____	148,836
19	(421) Other interest deductions _____	
20	(422) Amortization of discount on long-term debt _____	148,836
21	Total fixed charges _____	500,000
22	(423) Unusual or infrequent items _____	(1,424,568)
23	*Income from continuing operations before income taxes (lines 17, 21, 22) _____	
PROVISION FOR INCOME TAXES		
24	(431) Income taxes on income from continuing operations (Sec. 36) _____	(657,386)
25	(432) Provision for deferred taxes _____	(767,182)
26	Income (loss) from continuing operations (lines 23-25) _____	
DISCONTINUED OPERATIONS		
27	(433) Income (loss) from operations of discontinued segments** _____	
28	(434) Gain (loss) on disposal of discontinued segments** _____	
29	Total income (loss) from discontinued operations (lines 27, 28) _____	(767,182)
30	*Income before extraordinary items (lines 26, 29) _____	
EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES		
31	(435) Extraordinary items-Net Credit (Debit) (p. 20) _____	
32	(450) Income taxes on extraordinary and prior period items-Debit (Credit) (p. 20) _____	
33	(451) Provision for deferred taxes-Extraordinary and prior period items _____	
34	Total extraordinary items _____	
35	(452) Cumulative effect of changes in accounting principles** _____	
36	Total extraordinary items and accounting changes (lines 34, 35) _____	(767,182)
37	*Net income transferred to earned surplus (lines 30, 36) _____	
*If a loss or debit, show the amount in parentheses.		
**Less applicable income taxes of:		
(433) Income (loss) from operations of discontinued segments _____		\$ N/A
(434) Gain (loss) on disposal of discontinued segments _____		
(452) Cumulative effect of changes in accounting principles _____		

33.—INCOME STATEMENT - EXPLANATORY NOTES

1. (a) Indicate method elected by carrier, as provided in the Revenue Act of 1971, to account for the investment tax credit:

Flow-through—X— Deferral—

(b) If flow-through method was elected, indicate net decrease (or increase) in tax accrual because of investment tax credit \$ (2,386)

(c) If deferral method was elected, indicate amount of investment tax credit utilized as reduction of tax liability for current year \$

Debit amount of current year's investment tax credit applied to reduction of tax liability but deferred for accounting purposes (\$)

Balance of current year's investment tax credit used to reduce current year's tax accrual \$

Add amount of prior years' deferred investment tax credits being amortized and used to reduce current year's tax accrual \$

Total decrease in current year's tax accrual resulting from use of investment tax credits \$ (2,386)

2. An explanation of all items included in accounts 435, "Extraordinary items," and 450, "Income taxes on extraordinary items" should be made in the space below. (See instruction 540.0-4, Uniform System of Accounts for Freight Forwarders.)

34.—OPERATING REVENUES

Show the forwarder operating revenues of the respondent for the year, classified by accounts as follows (omit cents):

Line No.	Account (a)	Amount (b)
	I. TRANSPORTATION REVENUE	
1	501. Forwarder revenue	\$ 7,631,261
	II. TRANSPORTATION PURCHASED—DR.	
2	511. Railroad transportation	
3	512. Motor transportation	1,122,700
4	513. Water transportation	
5	514. Pick-up, delivery, and transfer service	131,864
6	515. Other transportation purchased*	3,730,376
7	Total transportation purchased	4,984,940
8	Revenue from transportation (line 1 minus line 7)	2,646,321
	III. INCIDENTAL REVENUE	
9	521. Storage—Freight	
10	522. Rent revenue	
11	523. Miscellaneous	
12	Total incidental revenues	
13	Total operating revenues (line 8 plus line 12)	2,646,321

*Report separately hereunder, by type of transport (air, express, forwarder, or any other type), the amounts included in Account 515, "Other transportation purchased":

Airline Charges - \$3,374,580
Drivers Salaries - \$355,796

35.—OPERATING EXPENSES

Show the forwarder operating expenses of the respondent for the year, classified by accounts as follows (omit cents):

Line No.	Account (a)	Amount (b)
1	601. General office salaries	\$ 425,928
2	602. Traffic department salaries	358,867
3	603. Law department salaries	—
4	604. Station salaries and wages*	655,173
5	605. Loading and unloading by others	—
6	606. Operating rents	124,402
7	607. Traveling and other personal expense	239,805
8	608. Communications	233,624
9	609. Postage	33,670
10	610. Stationery and office supplies	87,490
11	611. Tariffs	25,528
12	612. Loss and damage—Freight	25,500
13	613. Advertising	332,945
14	614. Heat, light, and water	—
15	615. Maintenance	—
16	616. Depreciation and amortization	52,108
17	617. Insurance	102,572
18	618. Payroll taxes (Sec. 36)	139,817
19	619. Commissions and brokerage	28,622
20	620. Vehicle operation (Sec. 36)	—
21	621. Law expenses	295,819
22	622. Depreciation adjustment	—
23	630. Other expenses	1,175,683
24	Total operating expenses	4,330,553

*Includes debit totaling \$ — for the pay of employees engaged in handling freight over platforms.

36.—TAXES

Give particulars called for with respect to taxes and licenses accrued to accounts (411) and (431) in Section 33, and accounts (618) and (620) in Section 35.

Line No.	Kind of tax (a)	(411) Transportation tax accruals (b)	(431) Income taxes on income from continuing operations (c)	(618) Payroll taxes (d)	(620) Vehicle operation (e)	Total (f)
1	Social security taxes	\$	\$	\$103,793	\$	\$ 103,793
2	Real estate and personal property taxes					
3	Gasoline, other fuel and oil taxes					
4	Vehicle licenses and registration fees					
5	Corporation taxes					
6	Capital stock taxes					
7	Federal excise taxes					
8	Federal excess profits taxes		(655,000)			(655,000)
9	Federal income taxes					
10	State income taxes					
11	Other taxes (describe)					
11	(a) Various State Unemployment Taxes			32,379		32,379
12	(b) Federal Unemployment Taxes			3,645		3,645
13	(c) Investment Credit		(2,386)			(2,386)
14	(d)					
15	(e)					
16	Total		(657,386)	139,817		(517,569)

37. Give particulars as called for with respect to motor vehicles owned outright and held under purchase obligations at the close of the year:

Line No.	Vehicle		Book value included in account (140) of sec. 16	Accrued depreciation included in account (149) of sec. 16
	Make, kind and capacity (a)	Number of (b)		
	lbs.		(c)	(d)
1	Ford/GMC Trucks-7500-23,000	13	\$ 152,000	\$ 103,000
2	Mercury - automobiles	7	45,000	45,000
3				
4				
5				
6				
7				
8	Total	20	197,000	148,000

38. Give the particulars as called for concerning the respondent's employees and their compensation for the year. The data on number of employees shall be based on the number of employees on the payroll at close of pay period containing the 12th day of the months specified. If operations were interrupted during such period due to strikes, fires, floods, etc., the data should be reported for the nearest representative payroll period. Enter the total number of employees in each class on the payrolls covered by this report who worked full or part time or received pay for any part of the period reported.

Line No.	Class	Number of employees on payroll at close of the pay period containing the 12th day of				Total compensation during year
		February	May	August	November	
	General office employees:					
1	Officers	1	1	1	-	\$ 45,000
2	Clerks and attendants	17	21	21	24	380,928
3	Total	18	22	22	24	425,928
	Traffic department employees:					
4	Officers					
5	Managers					
6	Solicitors	18	16	20	22	358,867
7	Clerks and attendants					
8	Total	18	16	20	22	358,867
	Law department employees:					
9	Officers					
10	Solicitors					
11	Attorneys					
12	Clerks and attendants					
13	Total					N/A
	Station and warehouse employees:					
14	Superintendents	6	6	6	6	160,908
15	Foremen					
16	Clerks and attendants	40	41	43	52	494,265
17	Laborers					
18	Total	46	47	49	58	655,173
	All other employees (specify):					
19						
20						
21						
22						
23	Total					
24	Grand total	82	85	91	104 98	1,439,968

Length of payroll period: (Check one) ☒ one week; ☒ two weeks; ☐ other (specify):

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* Vector has both union and non-union employees.

39. Give the various statistical items called for concerning the forwarders' operations of the respondent during the year. State tons of 2,000 pounds.

Line No.	Item (a)	Number (b)
1	Tons of freight received from shippers	3,959
2	Number of shipments received from shippers	54,839

40.—COMPENSATION OF OFFICERS, DIRECTORS, ETC.

Give the name, position, salary, and other compensation, such as bonus, commission, gift, reward, or fee, of each of the five persons named in Section 5, item (b) and (c) of this report to whom the respondent paid the largest amount during the year covered by this report as compensation for current or past service over and above necessary expenses incurred in discharge of duties and in addition, all other officers, directors, pensioners or employees, if any, to whom the respondent similarly paid \$40,000 or more. If more convenient, this schedule may be filled out for a group of companies considered as one system and shown only in the report of the principal company in the system, with references thereto in the reports of the other companies. Any large "Other compensation" should be explained in a footnote. If an officer, director, etc., receives compensation from another transportation company (whether a subsidiary or not), reference to this fact should be made if his aggregate compensation amounts to \$40,000 or more, and the details as to division of the salary should be stated. By salary column (c) is meant the annual rate at which an employee is paid, rather than the amount actually paid. If salary of an individual was changed during the year, show salary before each change as well as at close of year.

Line No.	Name of person (a)	Title (b)	Salary per annum as of close of year (see instructions) (c)	Other compensation during the year (d)
1	Louis Kasman	President	\$ 54,000	\$ -
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41.—COMPETITIVE BIDDING. — CLAYTON ANTITRUST ACT

Section 10 of the Clayton Antitrust Act (15 U.S.C. 20) states that "no common carrier engaged in commerce shall have any dealings in securities, supplies or other articles of commerce, or shall make or have any contracts for construction or maintenance of any kind, to the amount of more than \$50,000, in the aggregate, in any one year, with another corporation, firm, partnership or association when the said common carrier shall have upon its board of directors or as its president, manager or as its purchasing or selling officer, or agent in the particular transaction, any person who is at the same time a director, manager, or purchasing or selling officer of, or who has any substantial interest in, such other corporation, firm, partnership or association, unless and except such purchases shall be made from, or such

dealings shall be made with, the bidder whose bid is the most favorable to such common carrier, to be ascertained by competitive bidding under regulations to be prescribed by rule or otherwise by the Interstate Commerce Commission." The specification for competitive bids is found in the Code of Federal Regulations, Part 1010-Competitive Bids through Part 1010.7 - Carriers Subject to the Interstate Commerce Act.

In column (g), identify the company awarded the bid by including company name and address, name and title of respondent officers, directors, selling officer, purchasing officer and/or general manager that has an affiliation with the seller.

Line No.	Nature of bid (a)	Date Published (b)	Contract number (c)	No. of bidders (d)	Method of awarding bid (e)	Date filed with the Commission (f)	Company awarded bid (g)
1	N/A						
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Name, title, telephone number and address of the person to be contacted concerning this report:

NAME Joseph E. Tillman TITLE Controller
TELEPHONE NUMBER (212) 995-6548
(Area code) (Telephone number)
OFFICE ADDRESS 147-48 182nd Street Jamaica, N.Y. 11413
(Street and number) (City, State, and ZIP Code)

OATH

(To be made by the officer having control of the accounting of the respondent)

STATE OF New York)
COUNTY OF Queens) ss.

John V. Healy makes oath and says that he is
President
(Insert here the official title of the affiant)

of Vector Air Express, Inc.
(Insert here the exact legal title or name of the respondent)

that it is his duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he has carefully examined the said report and to the best of his knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he believes that all other statements of fact contained in the said report are true, and that the said reports is a correct and complete statement of the business and affairs of the above-named respondent during the period of the time from and including January 1, 1979, to and including December 31, 1979.

[Signature]
(Signature of affiant)

Subscribed and sworn to before me, a Notary Public, in and for the State and County above named,
this 14th day of May, 1980.
My commission expires 1981

[USE AN L S
IMPRESSION
SEAL]

[Signature]
(Signature of officer authorized to administer oaths)
GLORIA DOMENECH
NOTARY PUBLIC, State of New York
No. 41-056092
Qualified in Queens County
Commission Expires March 30, 1981