SPARTA COMMERCIAL SERVICES, INC.
Form 10-K
August 13, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

x	ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended April 30, 2013

o	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________.

Commission file number: 0-9483

SPARTA COMMERCIAL SERVICES, INC.
(Exact name of registrant as specified in its charter)

NEVADA	30-0298178
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
370 Lexington Ave., Suite 1901, New York, NY	10017
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 239-2666

Securities registered pursuant to Section 12(b) of the Exchange Act: None

Securities registered pursuant to Section 12(g) of the Exchange Act:

Common Stock, par value $0.001
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. o Yes x No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. o Yes x No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceeding12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every interactive Data File required to be submitted and posted pursuant to Rule 504 of Regulation S-T (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to file such files). x Yes o No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes x No

The aggregate market value of voting and non-voting common equity of the issuer held by non-affiliates, on October 31, 2012 was $5,537,194

As of July 31, 2013, we had 16,265,640 post-split shares of common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: None.

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SPARTA COMMERCIAL SERVICES, INC.

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PART I

ITEM 1. BUSINESS

General Overview

Sparta Commercial Services, Inc. ("Sparta" "we," "us," or the "Company") is a Nevada corporation. Historically, we were an independent financial services provider, offering consumer retail installment sales contracts ("RISCs") and both consumer and commercial lease financing to the powersports industry. During the fiscal year ended April 30, 2011, we formed Specialty Reports, Inc. to provide vehicle history reports to consumers, powersports, recreational vehicle, and automotive dealerships, and other entities such as credit unions, original equipment manufacturers, and auction houses; and to provide mobile applications ("mobile apps") initially to powersports, automotive and marine dealerships. In August 2012, we sold all of our preforming RISCs and discontinued offering both RISCs and consumer leases and focused on developing and marketing our vehicle history reports and mobile app products. We continue to offer municipal lease financing.

Our offices are located at 370 Lexington Avenue, Suite 1901, New York, NY 10017, telephone number: (212) 239-2666. We maintain a website at www.spartacommercial.com.

We identify our ongoing information technology business in two reporting groups: vehicle history reports and mobile applications.

The vehicle history report group is currently marketing: Cyclechex Motorcycle History Reports©, RVchex™ RV History Reports, and CarVinReport Car History Reports. These reports contain extremely valuable information for consumers, dealers, insurers, auction houses, and lenders, about a vehicle's history, such as disclosed damage, salvaged or rebuilt title brands, the number of previous owners, the last recorded odometer reading, the manufacturer's original equipment, OEM recall data, and more. We assemble the data for these reports from multiple sources, including, but not limited to, governmental agencies, in order to provide the most current information available for the benefit of all interested parties. We believe our products offer a compelling value as they are priced modestly and we provide a "no-hassle," ninety-day, 100% money-back guarantee. We are confident that our Specialty Reports provide buyers and sellers a peace of mind that comes from being able to make an informed decision.

The mobile applications group is currently marketing two mobile app products: Specialty Mobile Apps ("SMA") and iMobile Apps ("iMA"). SMA is a customizable modular mobile application engine developed for powersports and automobile, recreational vehicle and marine dealers that allows them to login to our website and utilize a fully-customized dealer mobile application "mobile app" on their own schedule. Dealers can upload images, change colors and icons, customize the items displayed, send push notifications to their customers (app users) and create a fully branded experience. The mobile application is generated, packaged, and made available on-line to the dealer's customers through the Apple App Store and the Android Market. Additionally, as we build new features, and support more devices, customers will also be able to take advantage of these new platforms and features as well. In May 2012, we launched imobileapp.com. iMA which, while similar to the SMA platform, is designed for multi-industry use with both semi- and fully-customized applications available. Typical markets for the iMA platform are: restaurants, hotels, medical & dental practices, real estate agencies, and attorneys.

VEHICLE HISTORY REPORTS

In May 2010, our subsidiary, Specialty Reports, Inc. ("SRI") purchased substantially all of the assets of Cyclechex LLC, a Florida limited liability company, in consideration of an adjusted 10% equity interest in Specialty Reports.

Cyclechex LLC, formed in 2007, was in the business of providing basic motorcycle information, obtained by inputting the vehicle's vehicle identification number ("VIN") on the Cyclechex web-site, and receiving information as to the vehicle's year of manufacture, name of manufacturer and specific model. SRI has expanded on the Cyclechex product offering to include salvage, reported damage, and other title history information. All of this information is now offered on the Cyclechex web site, www.cyclechex.com, in the form of the copyrighted Cyclechex Motorcycle History Report©. Similar reports are offered on Recreational Vehicles on our web site, www.RVchex.com. Subsequent to April 30, 2011, we introduced CarVinReport on our website www.Carvinreport.com. We plan to introduce Truckchex during the 2014 fiscal year.

In June 2010, Specialty Reports entered into an exclusive five year agreement with a U.S. government authorized third-party distributor of on-line data from National Motor Vehicle Title System (NMVTS) for NMVTIS data on motorcycles, scooters, ATVs and recreational vehicles.

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NMVTIS is an information system that federal law required the United States Department of Justice to establish and to provide an electronic means to verify vehicle title, brand, and theft data among motor vehicle administrators, law enforcement officials, prospective purchasers and insurance carriers. NMVTIS was initially authorized in the Anti-Car Theft Act of 1992 and reauthorized by the Anti-Car Theft Improvements Act of 1996. After passage of the 1996 reauthorization, responsibility was transferred from the U.S. Department of Transportation to the U.S. Department of Justice. The NMVTIS system is a Department of Justice program currently operated by the American Association of Motor Vehicle Administrators (AAMVA). The system also provides a means for states to share title information in order to prevent fraud and other crime.

NMVTIS was created to:

- prevent the introduction or reintroduction of stolen motor vehicles into interstate commerce;
- protect states, consumers (both individual and commercial), and other entities from fraud;
- reduce the use of stolen vehicles for illicit purposes including funding of criminal enterprises; and
- provide consumer protection from unsafe vehicles.

NMVTIS information is supplied by state motor vehicle agency records and entire sectors (e.g., insurance, auto recyclers/junk/salvage, etc.) addressed by the Anti-Car Theft Act. As opposed to purchasing information from specific businesses or companies, entities are required to provide specific information to NMVTIS in a specific format. NMVTIS is intended to serve as a reliable source of title and brand history for automobiles, motorcycles and other vehicles. However, there are certain pieces of vehicle history data that NMVTIS' database does not contain; for example, a vehicle's repair history. Currently the data provided to NMVTIS by states is provided in a variety of time frames; while some report and update NVMTIS data in "real-time" (as title transactions occur) others send updates less frequently, such as once every 24 hours or within a period of days.

This information is available to consumers and dealers on Specialty Reports' website located at www.cyclechex.com. Cyclechex is similar to CARFAX® in that it provides on-line vehicle history reports, for a fee, based on the vehicle's VIN. However, neither CARFAX® nor AutoChek® offers information on motorcycles, scooters, ATVs or recreational vehicles.

Consumer Benefits:

Purchase a report directly from the Cyclechex, RVchex or CarVinReport website, and
Purchase a report via an Affiliate website.

Dealer Benefits:

Dealers purchase a "block" of history reports from Cyclechex, RVchex or CarVinReport (with pricing incentives to purchase a larger quantity of reports),
This will facilitate the dealers' acceptance of trade-in vehicles and add value to the purchase of any pre-owned motorcycle, RV, automobile, or light truck, and
Dealers may absorb the cost of the report or re-sell the report to their customer.

Affiliate Program

Dealers and other industry sources may incorporate the Cyclechex, RVchex, or CarVinReport website link in their sales and marketing strategies, and
Affiliates will earn commission on any Cyclechex, RVchex, or CarVinReport history reports that are generated from their sites.

VEHICLE HISTORY REPORTS

Cyclechex Motorcycle History Reports

Cyclechex is an internet provider of Motorcycle History Reports exclusively dedicated to the powersports industry. The Cyclechex Motorcycle History Report® was the first history report product offered by Specialty Reports Inc. The Cyclechex Motorcycle History Report (Cyclechex.com) contains extremely valuable information for consumers, motorcycle dealers, insurers, auction houses, and lenders, about whether a specific pre-owned motorcycle is a specific model year, make, and model; if it has reported damage, title history including the last recorded odometer reading, any salvage or damaged titles, the manufacturer's original equipment, OEM recall data, and more.

For consumers looking to buy a pre-owned motorcycle or a retail motorcycle dealer considering a trade-in or the purchase of other used motorcycles, a Cyclechex Motorcycle History Report can be invaluable. And for those dealers who want to provide a higher level of confidence to a potential buyer about the true history of the motorcycle being considered for purchase, the Cyclechex Motorcycle History Report is an outstanding sales support tool.

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Cyclechex gathers its data from multiple sources, including, but not limited to, governmental agencies, in order to provide the most current information available for the benefit of all interested parties. With a "no-hassle," 100% money-back guarantee, and at a modest cost, a Cyclechex Motorcycle History Reports provide buyers and sellers peace of mind for decision making.

RVchex™ Recreational Vehicle History Reports

Our second history report product, RV History Reports (RVchex.com), contains important and valuable information about any reported damage, salvage, and other relevant data concerning a particular pre-owned RV. This critical information is available to any interested party by entering a seventeen digit Vehicle Identification Number ("VIN") at our website. Our system is able to extract information from multiple data sources, including, but not limited to, government agencies throughout the United States. RVchex.com is committed to delivering up-to-date, accurate information to consumers, RV dealers, lenders, insurers, and other interested parties, and we offer a "no-hassle" 100% money-back guarantee.

CarVin Reports

Our third history report product, CarVINreport.com is an online provider of Automobile History Reports. The CarVinReport Car History Report (CarVINreport.com) contains extremely valuable information for consumers, dealers, insurers, auction houses, and lenders, about whether a specific pre-owned automobile has Salvage or Rebuilt Title status, sustained Flood Damage, the last recorded odometer reading, the manufacturer's original equipment, OEM recall data, and more. For consumers looking to buy a pre-owned automobile or a retail automobile dealer considering a trade-in or the purchase of other used automobiles, a CarVinReport Car History Report can be invaluable. And for those dealers who want to provide a higher level of confidence to a potential buyer about the true condition of the automobile being considered for purchase, the CarVinReport Car History Report is an outstanding sales support tool.

The following websites are among those affiliated with Specialty Reports Inc. used to appropriately direct customer inquiries:

www.dmv.org
www.kbb.com
www.motorcycle-histories.com
www.motorcycleshippers.jcmotors.com
www.nadaguides.com
www.sellharleys.com

Each of our three vehicle history reports search government databases for over 90 types of vehicle title problems and over 28 million Salvage or Loss title records. Our reports provide some, if not all, of the following information:

- Crushed Vehicles
- Disclosed Damage
- Last Recorded Odometer Reading
- Manufacturers' Recall History
- Manufacturers' Specifications
- Multi-State Searches
- Rebuilt Titles
- Salvage-Stolen Titles
- Salvaged or Damaged Titles

VIN Decoding

MOBILE APPS

Specialty Mobile Apps (“SMA”) and iMobileapps (“iMA”).

SMA is a mobile application or computer software program (“app”) designed to help the user to perform singular or multiple related tasks on a handheld mobile device such as a smartphone or tablet. The SMA software platform initially developed for motorcycle, RV, auto and marine dealers provides a mobile framework from which we can easily create interactive, customized mobile applications for our vertical markets. The product provides an online platform so that dealers may easily utilize their fully customized app and manage its content. Additionally, it allows SRI and our software development team to manage licenses and retrieve reporting information. In May 2012, we launched www.iMobileApp.com. iMA which, while similar to the SMA platform, is designed for multi industry use with both semi- and fully-customized applications available. Typical markets for the iMA platform are: Restaurants, Hotels, Medical & Dental Practices, Real Estate Agencies, and Attorneys.

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The basic features of the Specialty Mobile Apps and the iMobileapps are:

Content Management System (“CMS”) - CMS is provided as a website that allows Dealers to upload images to their mobile app, change text content, change colors, organize the order of tabs, and publish updates to their application.

Mobile client framework (“MCF”) - MCF is software that is installed on the individual mobile devices and deployed to the various mobile devices through the Apple App Store, Android Market Place, and other similar distribution channels.

Dealer (Customer) contact information - The Dealer can elect to present the user with a registration screen on startup to collect information such as first-name, last-name, email address, and telephone number to allow for tracking of marketing information and to be able to push Individual notification messages for future functionality.

Multiple Location Support - Dealers will pay subscription fees multiplied by the number of store locations that they wish to include in their app. Using the client customization portal the Dealer will be able to add locations to their application that will appear as content within the mobile app.

Hours of Operation - Each location is capable of having different time groups for hours of operation. For example, the given store may have the parts department open during one time frame, and the sales department open during another time frame. This information is entered by the Dealer in the CMS and then displayed to the end user.

Vehicle History Reports - Dealer will be able to allow users to request and retrieve vehicle history reports. The user will be required to create an account on the device or use an existing account. The account information is sent to Specialty Reports, Inc. to create a user account in their system. The user can then add credits to their account by entering credit card information into the device. Reports are retrieved from the appropriate Specialty Reports system (Cyclechex.com, RVchex.com or CarVinReport.com) and displayed to the user on their Smartphone or other mobile device; User will also be able to use QR (Quick Response, a two-dimensional bar code) codes to scan in VIN numbers that have been provided to the CMS system.

Quick Dial - Quick Dial is a menu option the Dealer can choose to make available to its customers. By tapping the Quick Dial option the mobile device will display a list of phone numbers as a quick convenience to the user, The Dealer can add, remove, and edit phone numbers that appear in the Quick Dial screen from their CMS.

Messages - Messages can be specific to individuals (if the Dealer has enabled first-time user data collection), or broadcast to all users of the application. The messages appear in a style similar to email within the specific mobile device.

Push Notifications - The device itself governs the display of push notifications. For example, both iPhone and Android have their own ways of providing notification messages to the screen of the device. By sending a push notification from the CMS to user Company's framework, integrates with the device’s push notification system to alert the user.

QR Code Scanner - The QR (Quick Recall) code scanner is technology that allows a user to take a photographic scan of a QR symbol and then interpret the digital contents and make a decision on what to do with the data. The Dealer is able to create QR codes from the CMS system and then specify the action that should occur for the URL when it is scanned with their mobile application. That could be opening a URL, running a vehicle history report, or any other appropriate function.

Marketing Materials - The CMS will allow Dealers to download stock artwork that helps them promote their products and services to their customers. Examples of this would be banners for website display.

Embeds Product Developer and SRI Branding - The “about screen” of the application contains information useful to the support of the product. It also contains a powered by the product developer’s logo and text. SRI can choose to use a different logo, but the Powered by the product developer’s text remains on the about screen.

App store and Google Android Distribution - All native applications will be deployed through the product developer’s App store and Android Market Place online accounts.

Marketing information - If dealer has enabled first-time user data collection then that information will be available to the dealer on their portal.

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Platforms for SMA and iMA Programs

The products have been designed (and maintained/updated by our product development team) to allow it to work as the CMS for various smart phone platforms (now existing and potentially emerging in the future) including, but not limited to, the following devices:

§ iPhone
§ iPad
§ Android devices
§ Kindle Fire
§ HTML5

Product Markets

Cyclechex

According to the Motorcycle Industry Council ("MIC"), there were 8. 2 million registered motorcycles in the United States in 2010 and MCI reported 2011 retail sales of new motorcycles of all classes of motorcycles totaled 555,000 units (compared to 560,000 in 2010). MIC estimates the ratio of used bike sales to new bike sales at 4.5-to-1. By extension, sales of used motorcycles in 2011 equated to approximately 2,497.500 units and averaged 2,277,600 units over the last four years. With minimal competition, management believes that the Cyclechex Motorcycle History Report® ("CMHR") will become the "gold standard" for prospective purchasers of used motorcycles.

RVchex

SRI provides vehicle history reports to the RV Industry. According to the Recreation Vehicle Industry Association (RVIA) RV Business Indicators report dated April 1, 2013, there are more than 9 million RVs (motor homes, travel trailers, sport utility RVs, truck campers and folding camping trailers) on the roads in the U.S. According to a forecast by RV industry analyst and director of consumer surveys at the University of Michigan Dr. Richard Curtin, shipments of new RVs in 2013 are "expected to rise to 307,300 units, an increase of 7.5% from the 2012 total of 285,749. The most recent report on the used RV market was done by the University of Michigan in 2005 which concluded that approximately two used RVs were sold for each new one. This sentiment was echoed by Scott Stropaki of Statistical Surveys, Inc. Based on this information we can assume that approximately 572, 000 used RVs were sold in 2012.

CarVin Reports

According to the CARMAX, Inc., December 31, 2012 10K, there were over 17,800 franchised new car dealers selling new and used cars and over 37,900 independent used car dealers in the U.S. The CARMAX 10K also reported that sales of used cars in the U.S. in 2012 totaled 38 million units.

Presently, CarFax® and AutoCheck® dominate the automobile history report market. However, their individual retail reports sell for $34.99 and $29.99 respectively compared to our $24.95 price. We have no intention to compete directly with these well established companies. We do, however, plan to respond aggressively to those dealers who may not have sufficient demand for reports to take advantage of volume discount pricing offered by the two majors.

Used Vehicle Market Summary:

In all three markets, it is possible that on any given vehicle there will be no reports purchased while it is also quite probable that there will be more than one report purchased on another vehicle as there may be more than one customer interested in that vehicle.

- Annual sales of used motorcycles: ~ 2.5 million units
- Annual sales of used Recreational Vehicles: ~ 570 thousand units
- Annual sales of used cars: ~ 38 million units.

Mobile Apps

According to comScore, Inc., “...a global leader in measuring the digital world and a preferred source of digital business analytics.” “For the three-month average period ending March (2012), 234 million Americans (75% of the U.S. population) age 13 and older used mobile devices.” “More than 106 million people in the U.S. (34% of the U.S. population) owned smart phones during the three months ending in March (2012), up 9% versus December (2011).” “82 percent of time spent with mobile media happens via apps.” And, according to comScore, Inc., by the end of Q1 2013, m-commerce (smartphone and tablet) had grown 31% year over year with “11% ($5.9 billion) of all retail digital commerce now coming from mobile platforms.” SRI’s mobile apps are offered not only in the U.S., but also in the U.K. and Germany.

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SMA

According to the 2012 Motorcycle Industry Council Motorcycle Statistical Annual Report, in 2011 there were approximately 4,925 franchised new motorcycle dealer outlets and another 4,970 independent used motorcycle dealer outlets. As stated above, there are over 17,800 franchised new car dealers selling new and used cars and over 37,900 independent used car dealers in the U.S. Our initial thrust will be, not only to the 22,725 plus franchised vehicle dealers, but also, directly to select manufacturers such as, Harley-Davidson, which has over 1,300 worldwide dealers.

iMA

According to the National Restaurant Association, 2013 restaurant sales are projected to be $ 660.5 billion from 980,000 locations in the U.S. Additionally, they state the 38% of adults surveyed "...would be likely to utilize a smart phone app if it was offered by a quick service restaurant. ($174 billion of the projected $632 billion in sales)"

A recent SK&A, a Cegedim Company market research study found 230,187 office-based physicians and group practices in the U.S. Of this number, 67,356, or 29%, were groups of 2 -5 physicians.

There are over 1.2 million members of the National Association of Realtors.

According to the American Hotel and Lodging Association, there are 51,015 hotels/motels in the U.S. with 15 or more rooms.

SALES AND MARKETING

Marketing

Our marketing starts with product development. We create compelling products that; (i) in the case of our line of vehicle history reports, provide consumers information which will assist in purchase decisioning and assist the dealer or auction house in making a sale, and (ii) in the case of SMA and iMA, provide dealers and other businesses with a state-of-the-art consumer communications and marketing program.

For our three vehicle history report products, our primary marketing efforts are directed toward encouraging owners of web sites dealing with automobiles, motorcycles or recreational vehicles to become affiliates by linking their sites to ours. In doing this, they place a link, known as a banner, on their site which when "clicked" by a consumer automatically links the consumer to our appropriate web site. If that consumer then purchases a vehicle history report, the referring affiliate sight owner receives a pre-negotiated commission from us. Three examples of our affiliates are NADA guides, DMV.org, and Kelley Blue Book. Potential affiliates are contacted directly by our sales force or they are referred to us by word of mouth or targeted advertising in relevant trade publications. To date we have 60 signed affiliates. In December, 2010, Powersports Business chose Cyclechex as one of their "Nifty 50" winners, recognizing it as one of the top 50 new powersports products introduced during the year.

Our marketing strategy for our SMA is to target franchised dealers through the manufacturers. For instance, a major motorcycle manufacturer has over 1,000 world-wide authorized dealers. We are in discussions with this manufacturer to customize our app for his dealers. Additional marketing is done through targeted advertising as well as placement of favorable news stories in relevant trade publications. For the iMA product, we will target market to industry trade associations and major wholesalers to become an affiliate with us and joint market to their customers.

SRI has considerable opportunity to increase brand awareness and grow traffic through product development, targeted marketing programs and strategic partnerships.

Sales and Customer Support

Our sales team is responsible for generating advertising to potential customers across our website and mobile applications.

We manage a field sales team from our New York office, with satellite locations in Denver, Houston and Tampa, to specifically target key manufacturers, dealers and auction houses. Our field sales team develops direct relationships with these potential customers.

Customer service for all products is handled out of our New York office and supported by a representative in Tampa.

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Competition

Presently, the two major providers of used automobile history reports, Carfax® and AutoCheck® do not provide motorcycle history reports. In fact, Carfax states on their website that their database contains records primarily of cars and light trucks and they “do not specialize in providing data for any other vehicle types at this time.” AutoCheck states on its web site “AutoCheck only reports on information for cars and light trucks.” Based on our existing roster of Cyclechex affiliates and current negotiations for additional affiliates, we do not see any company as a significant competitor at this time. We have not identified direct competition of the RV space and do not intend to compete directly with either Carfax® or AutoCheck®.

While there are numerous entities offering customized mobile apps, we believe that SRI is the only company marketing a pre-packaged customizable mobile app for vehicle dealers and our price point is significantly below other vendors of customized apps. Because our roots are in marketing we believe that while not specifically unique, our IMA product can be effectively and competitively marketed.

MUNICIPAL LEASING OF EQUIPMENT, INCLUDING POLICE MOTORCYCLES

Notwithstanding our discontinuance of consumer financing, we continue to offer, on a pass through basis, an equipment leasing product for local and/or state agencies throughout the country seeking a better and more economical way to finance their essential equipment needs, from police motorcycles and cruisers, to EMS equipment and busses, to virtually any type of equipment required.

Discontinued Operations

As discussed in NOTE C to the consolidated financial statements, in August 2012, the Company’s Board of Directors approved management’s recommendation to discontinue the Company’s consumer lease and loan business segments and the sale of all of the Company’s portfolio of RISCs, and a portion of its portfolio of leases. The sale was consummated in that quarter. The assets and liabilities have been accounted for as discontinued operations in the Company’s consolidated balance sheets for all periods presented.

The operating results related to these lines of business have been included in discontinued operations in the Company’s consolidated statements of loss for all periods presented. The following table presents summarized operating results for those discontinued operations.

	Fiscal Year Ended	
	April 30, 2013	April 30, 2012
Revenues	$ 203,997	$ 250,933
Net loss	$ (880,210)	$ (1,034,112)

As the Company sold all of its portfolio of RISCs, and a portion of its portfolio of leases with the remaining leases in final run-off mode (paying-off and terminating as agreed or by repossession), therefore there no portfolio performance measures were calculated for the year ending April 30, 2013 and the Company has discontinued segment reporting.

Regulation

Our prior financing operations were and are subject to regulation, supervision, and licensing under various federal, state, and local statutes and ordinances. Additionally, the procedures that we must follow in connection with the repossession of vehicles securing contracts are regulated by each of the states in which we do business. Accordingly, the laws of such states, as well as applicable federal law, govern our operations. Compliance with existing laws and regulations has not had a material adverse effect on our operations to date. Our management believes that we maintain all requisite licenses and permits and are in material compliance with all applicable local, state, and federal laws and regulations. We periodically review our office practices in an effort to ensure such compliance.

The following constitute certain of the federal, state, and local statutes and ordinances with which we must comply:

- Fair Debt Collection Practices Act. The Fair Debt Collection Practices Act and applicable state law counterparts prohibit us from contacting customers during certain times and at certain places, from using certain threatening practices and from making false implications when attempting to collect a debt.

- Truth in Lending Act. The Truth in Lending Act requires us and the dealers we do business with to make certain disclosures to customers, including the terms of repayment, the total finance charge, and the annual percentage rate charged on each contract.

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- Consumer Leasing Act. The Consumer Leasing Act applies to any lease of consumer goods for more than four months. The law requires the seller to disclose information such as the amount of initial payment, number of monthly payments, total amount for fees, penalties for default, and other information before a lease is signed.

- The Consumer Credit Protection Act of 1968. The Act required creditors to state the cost of borrowing in a common language so that the consumer can figure out what the charges are, compare costs, and shop for the best credit deal.

- Equal Credit Opportunity Act. The Equal Credit Opportunity Act prohibits creditors from discriminating against loan applicants on the basis of race, color, sex, age, or marital status. Pursuant to Regulation B promulgated under the Equal Credit Opportunity Act, creditors are required to make certain disclosures regarding consumer rights and advise consumers whose credit applications are not approved of the reasons for the rejection.

- Fair Credit Reporting Act. The Fair Credit Reporting Act requires us to provide certain information to consumers whose credit applications are not approved on the basis of a report obtained from a consumer reporting agency.

- Gramm-Leach-Bliley Act. The Gramm-Leach-Bliley Act requires us to maintain privacy with respect to certain consumer data in our possession and to periodically communicate with consumers on privacy matters.

- Soldiers' and Sailors' Civil Relief Act. The Soldiers' and Sailor's Civil Relief Act requires us to reduce the interest rate charged on each loan to customers who have subsequently joined, enlisted, been inducted or called to active military duty, if requested to do so.

- Electronic Funds Transfer Act. The Electronic Funds Transfer Act prohibits us from requiring our customers to repay a loan or other credit by electronic funds transfer ("EFT"), except in limited situations that do not apply to us. We are also required to provide certain documentation to our customers when an EFT is initiated and to provide certain notifications to our customers with regard to preauthorized payments.

- Telephone Consumer Protection Act. The Telephone Consumer Protection Act prohibits telephone solicitation calls to a customer's home before 8 a.m. or after 9 p.m. In addition, if we make a telephone solicitation call to a customer's home, the representative making the call must provide his or her name, our name, and a telephone number or address at which our representative may be contacted. The Telephone Consumer Protection Act also requires that we maintain a record of any requests by customers not to receive future telephone solicitations, which must be maintained for five years.

- Bankruptcy. Federal bankruptcy and related state laws may interfere with or affect our ability to recover collateral or enforce a deficiency judgment.

- Dodd-Frank Wall Street Reform and Consumer Protection Act. The Dodd-Frank Wall Street Reform and Consumer Protection Act authorized the creation of a Bureau of Consumer Financial Protection. The impact on the Company of the newly-created agency is unknown at this time as the agency is yet to be formed.

Employees

As of April 30, 2013, we had 10 full-time employees.

ITEM 1A. RISK FACTORS

We are subject to certain risks and uncertainties in our business operations which are described below. The risks and uncertainties described below are not the only risks we face. Additional risks and uncertainties not presently known or that are currently deemed immaterial may also impair our business operations.

We have an operating history of losses.

Through our fiscal year ended April 30, 2013, we have generated cumulative sales revenues of $5,743,833, have incurred significant expenses, and have sustained significant losses. Our net loss for the year ended April 30, 2013 was $3,726,523. As of April 30, 2013, we had a deficit net worth of $3,874,694.

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We had an agreement for a credit line with an institutional lender, who has acquired preferences and rights senior to those of our capital stock and placed restrictions on the payment of dividends. This line had been terminated.

In July 2005, we entered into a secured senior credit facility with New World Lease Funding for a revolving line of credit. New World received a security interest in substantially all of our assets with seniority over the rights of the holders of our preferred stock and our common stock. In August 2012, this creditor was paid in full and all liens released.

Our business requires additional amounts of capital and we will need to obtain additional financing in the near future.

In order to expand our business, we need raise additional capital to support our operations until we become cash flow positive. We will have to raise approximately $1.5 million over the next twelve months to support our business. As our business grows, we will need to seek additional financing to fund growth. There can be no assurance that we will have sufficient capital or be able to secure credit facilities when needed. The failure to obtain additional funds, when required, on satisfactory terms and conditions, would have a material and adverse effect on our business, operating results and financial condition, and ultimately could result in the cessation of our business.

To the extent we raise additional capital by issuing equity securities; our stockholders may experience substantial dilution. Also, any new equity securities may have greater rights, preferences or privileges than our existing common stock. A material shortage of capital will require us to take drastic steps such as reducing our level of operations, disposing of selected assets or seeking an acquisition partner. If cash is insufficient, we will not be able to continue operations.

We are new entrants into the information technology business.

We are new entrants into the businesses of providing vehicle history reports and building mobile apps. We indirectly compete with major, well capitalized, suppliers of automobile history reports. While these companies do not presently offer motorcycle or RV history reports, there is no guaranty they will not do so in the future. The mobile app building business is characterized by many small “players”. While we believe we are better suited to market mobile apps than our competitors, there is no assurance that we can continue to do so.

We face security risks related to our electronic processing of sensitive and confidential customer and associate data.

Given the nature of our business, we and/or our service providers collect process and retain sensitive and confidential customer data, including credit card information. Despite our current security measures, our facilities and systems, and those of our third-party service providers, may be vulnerable to information security breaches, acts of vandalism, computer viruses or other similar attacks. An information security breach involving the disclosure of confidential data could damage our reputation and our customers' willingness to shop on our websites, and subject us to possible legal liability. In addition, we may incur material remediation costs as a result of an information security breach, including liability for stolen customer or associate data, repairing system damage or providing credit monitoring or other benefits to customers or associates affected by the breach.

We could be harmed by data loss or other security breaches

As a result of our services being web-based and the fact that we process and/or our service providers, store and transmit large amounts of data, including personal information, for our customers, failure to prevent or mitigate data loss or other security breaches, including breaches of our vendors' technology and systems, could expose us or our customers to a risk of loss or misuse of such information, adversely affect our operating results, result in litigation or potential liability for us and otherwise harm our business. We use third party technology and systems for a variety of reasons, including, without limitation, encryption and authentication technology, employee email, content delivery to customers, back-office support and other functions. Although we and our service providers have developed systems and processes that are designed to protect customer information and prevent data loss and other security breaches, such measures cannot provide absolute security.

Our auditor's opinion expresses doubt about our ability to continue as a "going concern".

The independent auditor's report on our April 30, 2013 consolidated financial statements state that our historical losses raise substantial doubts about our ability to continue as a going concern. We cannot assure you that we will be able to generate revenues or maintain any line of business that might prove to be profitable. Our ability to continue as a going concern is subject to our ability to generate a profit or obtain necessary funding from outside sources, including obtaining additional funding from the sale of our securities, increasing sales or obtaining credit lines or loans from various financial institutions where possible. If we are unable to develop our business, we may have to discontinue operations or cease to exist, which would be detrimental to the value of our common stock. We can make no assurances that our business operations will develop and provide us with significant cash to continue operations.

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A significant number of customers may fail to perform under their loans or leases.

Despite the sale of our RISC portfolio, we continue to own a "run-off" (paying-off and terminating as agreed or by repossession) portfolio of leases. As a lender or lessor, one of the largest risks we face is the possibility that a significant number of customers will fail to pay their payments when due. If customers' defaults cause losses in excess of our allowance for losses, it could have an adverse effect on our business, profitability and financial condition. If a borrower enters into bankruptcy, we may have no means of recourse. We have established an evaluation process designed to determine the adequacy of the allowance for losses. While this evaluation process uses historical and other objective information, the establishment of losses is dependent to a great extent on management's experience and judgment. We cannot assure you that our loss reserves will be sufficient to absorb future losses or prevent a material adverse effect on our business, profitability or financial condition.

A variety of factors and economic forces may affect our operating results.

Our operating results may differ from current forecasts and projections significantly in the future as a result of a variety of factors, many of which are outside our control. These factors include, without limitation, the receipt of revenues, which is difficult to forecast accurately, the amount and timing of capital expenditures and other costs relating to the expansion of our operations, the introduction of new products or services by us or our competitors, borrowing costs, pricing changes in the industry, technical difficulties, general economic conditions and economic conditions specific our market place. The success of an investment in a vehicle history report and mobile app based venture is dependent, at least, in part, on extrinsic economic forces, including the supply of and demand for such services. No assurance can be given that we will be able to generate sufficient revenue to cover our cost of doing business. Furthermore, our revenues and results of operations will be subject to fluctuations based upon general economic conditions. Economic factors like unemployment, interest rates, the availability of credit generally, municipal government and corporate budget constraints affecting equipment and technology purchases, the rate of inflation, and consumer perceptions of the economy may affect the volume of history report purchases.

Failure to perfect a security interest could harm our business.

Although our leasing portfolio is in a run-off mode (paying-off and terminating as agreed or by repossession), an ownership interest or security interest in a motor vehicle registered in most states may be perfected against creditors and subsequent purchasers without notice for valuable consideration only by complying with certain procedures specific to the particular state. While we believe we have made all proper filings, we may not have a perfected lien or ownership interest in all of the vehicles we have financed. We may not have a validly perfected ownership interest and security interest, respectively, in some vehicles during the period of the loan. As a result, our ownership or security interest in these vehicles will not be perfected and our interest could be inferior to interests of other creditors or purchasers who have taken the steps described above. If such creditors or purchasers successfully did so, the affected vehicles would not be available to generate their expected cash flow, which would have a material adverse effect on our business.

Risks associated with leasing.

Our business is subject to the risks generally associated with the ownership and leasing of vehicles. A lessee may default in performance of its consumer lease obligations and we may be unable to enforce our remedies under a lease. As a result, certain of these customers may pose credit risks to us. Our inability to collect receivables due under a lease and our inability to profitably sell or re-lease off-lease vehicles could have a material adverse effect on our business, financial condition or results of operations.

Adverse changes in used vehicle prices may harm our business.

Significant increases in the inventory of vehicles may depress the prices at which we can sell or lease our inventory of used vehicles composed of off-lease and repossessed vehicles or may delay sales or leases. Factors that may affect the level of used vehicles inventory include consumer preferences, leasing programs offered by our competitors and seasonality. In addition, average used powersports vehicle prices have fluctuated in the past, and any softening in the used powersports vehicle market could cause our recovery rates on repossessed vehicles to decline below current levels. Lower recovery rates increase our credit losses and reduce the amount of cash flows we receive.

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Our business is dependent on intellectual property rights and we may not be able to protect such rights successfully.

Our intellectual property, including our license agreements and other agreements, which establish our rights to proprietary intellectual property, our Cyclechex, RVchex and CarVin vehicle history reports and our SMA and iMA mobile apps are of great value to our business operations. Infringement or misappropriation of our intellectual property could materially harm our business. We rely on a combination of trade secret, copyright, trademark, and other proprietary rights laws to protect our rights to this valuable intellectual property. Third parties may try to challenge our intellectual property rights. In addition, our business is subject to the risk of third parties infringing or circumventing our intellectual property rights. We may need to resort to litigation in the future to protect our intellectual property rights, which could result in substantial costs and diversion of resources. Our failure to protect our intellectual property rights could have a material adverse effect on our business and competitive position.

Our business is subject to various government regulations.

While we have sold our consumer loan portfolio, we still retain a small and declining lease portfolio. Therefore, we are subject to numerous federal and state consumer protection laws and regulations and licensing requirements, which, among other things, may affect: (i) the interest rates, fees and other charges we impose; (ii) the terms and conditions of the contracts; (iii) the disclosures we must make to obligors; and (iv) the collection, repossession and foreclosure rights with respect to delinquent obligors. The extent and nature of such laws and regulations vary from state to state. Federal bankruptcy laws limit our ability to collect defaulted receivables from obligors who seek bankruptcy protection. Prospective changes in any such laws or the enactment of new laws may have an adverse effect on our business or the results of operations. Compliance with existing laws and regulations has not had a material adverse effect on our operations to date. We will need to periodically review our office practices in an effort to ensure such compliance, the failure of which may have a material adverse effect on our operations and our ability to conduct business activities.

We do not intend to pay dividends on our common stock.

We have never declared or paid any cash dividend on our common stock. We currently intend to retain any future earnings and do not expect to pay any dividends on our common stock in the foreseeable future. Future cash dividends on the common stock, if any, will be at the discretion of our board, and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions imposed by lending or other agreements, including agreements with holders of senior or preferential rights, and other factors that the board may consider important.

We have authorized a class of preferred stock which may alter the rights of common stock holders by giving preferred stock holders greater dividend rights, liquidation rights and voting rights than our common stockholders have.

Our board is empowered to issue, without stockholder approval, preferred stock, on one or more series, with dividend, liquidation, conversion, voting or other rights that could adversely affect the voting power or other rights of the holders of common stock. From time to time, we have designated, and may in the future designate, series of preferred stock carrying various preferences and rights different from, and greater than, our common stock. As of April 30, 2013, we have two series of preferred stock outstanding. Preferred stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of the company.

We are subject to various securities-related requirements as a reporting company.

We may need to improve our reporting and internal controls and procedures. We have in the past submitted reports with the SEC after the original due date of such reports. If we fail to remain current on our reporting requirements, our common stock could be removed from quotation from the OTC Bulletin Board, which would limit the ability to sell our common stock.

We are controlled by current officers, directors and principal stockholders.

Our directors and executive officers beneficially own approximately 8.9% of our common stock as of April 30, 2013. Accordingly, these persons and their respective affiliates have the ability to exert substantial control over the election of our Board of Directors and the outcome of issues submitted to our stockholders, including approval of mergers, sales of assets or other corporate transactions. In addition, such control could preclude any unsolicited acquisition of our company and could affect the price of our common stock.

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We are dependent on our management and the loss of any officer could hinder our implementation of our business plan.

We are heavily dependent upon management, the loss of any one of whom could have a material adverse effect on our ability to implement our business plan. While we have entered into employment agreement with our Chief Executive Officer, this employment agreement could be terminated for a variety of reasons. We do not presently carry key man insurance on the life of any employee. If, for some reason, the services of management, or of any member of management, were no longer available to us, our operations and proposed businesses and endeavors may be materially adversely affected. Any failure of management to implement and manage our business strategy may have a material adverse effect on us. There can be no assurance that our operating and financial control systems will be adequate to support our future operations. Furthermore, the inability to continue to upgrade the operating and financial control systems, the inability to recruit and hire necessary personnel or the emergence of unexpected expansion difficulties could have a material adverse effect on our business, financial condition or results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our executive offices are located at 370 Lexington Avenue, Suite 1901, New York, NY 10017. We have an agreement for use of office space at this location under a sub-lease expiring on November 29, 2014. The office space contains approximately 3,000 square feet. The rent for the year ended April 30, 2012 was $283,867. For the year ended April 30, 2013, the rent was $246,632. For the year ending April 30, 2014 the rent is $151,164 and for the seven months ending November 29, 2014 the rent is $89,453. Additionally, during the term of the lease the Company is required to pay $965 monthly for electricity.

ITEM 3. LEGAL PROCEEDINGS

As at April 30, 2013, we were not a party to any material pending legal proceeding. From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business.

On December 18, 2012, a suit was filed by the Company, as plaintiff, asserting claims against a former credit provider seeking substantial damages for the credit provider's alleged breaches of fiduciary duties it owed to the Company, among other causes of action the Company has alleged in a Complaint filed in the United States District Court for the Southern District of New York. There can be no assurance that the Company will prevail on any of its claims in this action.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is currently quoted on the OTC Bulletin Board under the symbol "SRCO". The following table sets forth, for the calendar periods indicated, the range of the high and low closing prices of our common stock, as reported by the OTCBB. The quotations represent inter-dealer prices without retail mark-ups, mark-downs or commissions, and may not necessarily represent actual transactions.

	High		Low	
Fiscal Year 2013				
First quarter (May 1, 2012 – July 31, 2012)	$	1.75	$	0.86
Second quarter (August 1, 2012 – October 31, 2012)	$	1.30	$	0.54
Third quarter (November 1, 2012 – January 31, 2013)	$	0.75	$	0.48
Fourth quarter (February 1, 2013 – April 30, 2013)	$	0.62	$	0.32
Fiscal Year 2012				
First quarter (May 1, 2011 - July 31, 2011)	$	1.16	$	0.60
Second quarter (August 1, 2011 - October 31, 2011)	$	0.60	$	0.375
Third quarter (November 1, 2011 - January 31, 2012)	$	0.50	$	0.225
Fourth quarter (February 1, 2012 - April 30, 2012)	$	1.70	$	0.45

Holders

The approximate number of holders of record of our common stock as of April 30, 2013 was 3,044 excluding stockholders holding common stock under nominee security position listings.

Dividends

We have never declared any cash dividends on our common stock. Future cash dividends on the common stock, if any, will be at the discretion of our Board of Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, including any restrictions pursuant to the terms of senior securities outstanding, and other factors that the Board of Directors may consider important. The Board of Directors does not intend to declare or pay cash dividends in the foreseeable future. It is the current policy to retain all earnings, if any, to support future growth and expansion.

As of April 30, 2013, we had outstanding 125 shares of Series A Convertible Preferred Stock, $.001 par value. The Series A shares pay a 6% annual dividend which may be paid in cash or shares of common stock at our option. We have not, as of April 30, 2013, distributed any dividends on the Series A shares, in cash or in shares of common stock.

Upon conversion of the Series A shares, all accrued and unpaid dividends are extinguished. As of April 30, 2013, there was $6,045 of accrued Series A dividends payable.

As of April 30, 2013, we had 157 shares of Series B preferred stock outstanding. The Series B shares accrue dividends at an annual rate of 10%. Accrued dividends are payable upon redemption of the Series B shares. As of April 30, 2013, no dividends were payable on Series B shares.

Recent Sales of Unregistered Securities

Each of the issuance and sale of securities described below was deemed to be exempt from registration under the Securities Act in reliance on Section 4(2) of the Securities Act as transactions by an issuer not involving a public offering. No advertising or general solicitation was employed in offering the securities. Each purchaser is a sophisticated investor (as described in Rule 506(b) (2) (ii) of Regulation D) or an accredited investor (as defined in Rule 501 of Regulation D), and each received adequate information about the Company or had access to such information, through employment or other relationships, to such information.

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During the year ended April 30, 2013, the Company:

Sold to an accredited investor a convertible four notes in the aggregate amount of $168,000. The notes are nine month notes and bear 8% interest. The notes are convertible at the note holder's option at the lower of (i) the price per share at which the Company sells or issues any shares of common, subject to certain exceptions, or (ii) 58% multiplied by the average of the lowest three lowest closing bid price for the common stock during the ten trading day period ending one trading day prior to the date of submission of the conversion notice. During the fiscal year, two of the notes totaling $85,500 plus accrued interest thereon were fully converted into a total of 355,912 shares of the Company's common stock. Additionally, this investor converted $37,500 of notes issued during the prior fiscal year, plus accrued interest thereon, into 118,564 shares of the Company's common stock.

Borrowed $55,000 under a 5% convertible note due August 15, 2013 and borrowed a second 55,000, 5% convertible note due February 13, 2014. This lender has committed to lend up to $165,000 (one hundred sixty five thousand) of which we have borrowed $110,000. The lender may lend additional consideration to the Company in such amounts and at such dates as Lender may choose in its sole discretion. The principal sum due to lender shall be prorated based on the consideration actually paid by lender (plus an approximate 10% original issue discount that is prorated based on the consideration actually paid by the lender as well as any other interest or fees) such that the borrower is only required to repay the amount funded and the Company is not required to repay any unfunded portion of this note. The maturity date is one year from the effective date of each payment and is the date upon which the Principal Sum of this Note, as well as any unpaid interest and other fees, shall be due and payable. The Conversion Price is the lesser of $1.20 or 70% of the average of the three lowest closing prices during the 20 trading days immediately previous to the day the conversion notice is delivered to the Company (In the case that conversion shares are not deliverable by DWAC an additional 5% discount will apply; and if the shares are chilled for deposit into the DTC system and only eligible for Xclearing deposit an additional 7.5% discount shall apply). Unless otherwise agreed in writing by both parties, at no time will the lender convert any amount of this note into common stock that would result in the lender owning more than 4.99% of the common stock outstanding.

During the fiscal year, this investor converted $55,000 of notes payable plus accrued interest thereon into 164,795 shares of the Company's common stock. Additionally, the Company borrowed $59,000 under a 5% convertible note due April 24, 2014 from the same lender under a second $165,000 note which is identical to the initial $165,000 note.

Borrowed $23,000 under an 8%, six-month note, convertible at the holder's option on a basis of the closing price of the Company's common stock on the day the holder notifies the Company he is converting. The holder converted the note and accrued interest thereon into 41,947 shares of the Company's common stock.

Issued 27,890 shares of the Company's common stock upon the conversion of the outstanding balance of a $30,000, 15% note issued in the prior fiscal year.

Issued 34,510 shares of the Company's common stock upon the conversion of the outstanding balance of a $30,000, 15% note issued in the current fiscal year.

Issued 304,970 shares of the Company's common stock upon the conversion of two $50,000 8% notes issued in the current fiscal year. In addition, the Company issued this lender 10,000 shares of common stock, as an inducement, for each of the loans.

Borrowed $50,000 under a six month, 8% Note, convertible at the holder's option at a conversion price of $0.35 per share or the Closing Price of the Company's common stock on the day of conversion notice, whichever is lower. the Company issued this lender 10,000 shares of common stock, as an inducement, for the loan. As of April 30, 2013 this lender has only advanced $25,000 of the Note.

Issued 117,860 shares of its common stock upon the partial conversion of $50,942 principal and interest of a note issued in a prior fiscal year.

Issued 670,910 shares of common stock for prior years' note conversions which shares were among those classified as to be issued at April 30, 2012.

Issued 121,380 shares of common stock upon the conversion of $90,023 of accrued interest.

Sold 2,442,639 shares of its restricted common stock to twenty two accredited investors for an aggregate purchase price of $866,737. 256,589 of the shares were classified as to be issued at April 30, 2013.

Issued 234,130 shares for prior years' stock purchases which shares were among those classified as to be issued at April 30, 2012.

Pursuant to the terms of four consulting agreements, the Company issued a total of 527,190 shares of common stock valued at $344,638.

Issued to six consultants, 123,330 shares of common stock valued at $48,800.

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Issued 8,899 shares of common stock, which were classified as to be issued at April 30, 2012 for purchase of assets.

The Company’s majority owned subsidiary sold 11 shares of its Series C Preferred stock to four accredited investors for $55,000.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

"FORWARD-LOOKING" INFORMATION

This report on Form 10-K contains certain "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which represent our expectations and beliefs, including, but not limited to, statements concerning the Company's business and financial plans and prospects. The words "believe," "expect," "anticipate," "estimate," "project," and similar expressions identify forward-looking statements, which speak only as of the date such statement was made. These statements by their nature involve substantial risks and uncertainties, certain of which are beyond our control, and actual results may differ materially depending on a variety of important factors.

The following discussion and analysis should be read in conjunction with the information set forth in the audited financial statements for the years ended April 30, 2013 and April 30, 2012 and footnotes found in the Company's Annual Report on Form 10-K.

Discontinued Operations

As discussed in NOTE C to the consolidated financial statements, in August 2012, the Company’s Board of Directors approved management’s recommendation to discontinue the Company’s consumer lease and loan lines of business and the sale of all of the Company’s portfolio of RISCs, and a portion of its portfolio of leases. The sale was consummated in that quarter. The assets and liabilities have been accounted for as discontinued operations in the Company’s consolidated balance sheets for all periods presented.

The operating results related to these lines of business have been included in discontinued operations in the Company’s consolidated statements of loss for all periods presented. The following table presents summarized operating results for those discontinued operations.

	Fiscal Year Ended	
	April 30, 2013	April 30, 2012
Revenues	$ 203,997	$ 250,933
Net loss	$ (880,210)	$ (1,034,112)

RESULTS OF OPERATIONS

For the year ended April 30, 2013, our revenues from continuing operations increased approximately 43%. We have continued to incur significant expenses, and have sustained significant losses.

Revenues-Continuing Operations

Revenues totaled $413,602 in fiscal 2013 compared to revenues of $289,628 in fiscal 2012. Other income in fiscal 2013 was $72,978 compared with $61,954 in fiscal 2012. Revenues from continuing operations in both fiscal years were from the sale of vehicle history reports, mobile apps and monthly mobile app service fees. Other income in both fiscal years was comprised primarily of Municipal Lease Fee income and interest income from subscriptions receivable.

Costs and Expenses-Continuing Operations

We incurred employee compensation and benefit costs of $521,879 for the year ended April 30, 2013 compared with $302,360 in fiscal 2012. The increase is primarily related to reductions in allocation of executive salaries between continuing and discontinued operations.

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In connection with placement transactions, we expensed non-cash costs in the form of shares of common stock or warrants of $240,521 and $116,147 for the years ended April 30, 2013 and 2012, respectively. In connection with consulting services, we expensed non-cash costs in the form of shares of common stock or warrants of $195,719 and $62,206 for the years ended April 30, 2013 and 2012, respectively. These amounts were charged to financing costs. Additionally, during the fiscal year ended April 30, 2013, we expensed $88,339 as the value of employee stock and option based compensation as compared to $51,932 in the prior fiscal year. During the year ended April 30, 2013, we recorded a charge of $854,569 from the change of beneficial discount for convertible note conversion options and amortization of debt discounts to financing costs as compared to a charge of $126,303 in fiscal 2012. Additionally, we recognized a reduction of the derivative liability of warrants and share conversion rights in the amount of $66,041 in fiscal 2013 as compared to $389,574 in fiscal 2012. At April 30, 2013 and 2012, accrued preferred dividends of $157,758 and $158,190, respectively, were charged to retained earnings.

We incurred consulting costs of $275,240 for the year ended April 30, 2013, as compared to $133,638 for the year ended April 30, 2012. We incurred legal and accounting fees of $98,835 for the year ended April 30, 2013, as compared to $38,035 for the year ended April 30, 2012.

We incurred other operating expenses of $312,012 for the year ended April 30, 2013. Notable expenses in this category are: general office expenses of $116,576; rent of $123,316; travel and entertainment of $13,920; utilities of $24,795; advertising, website and marketing of $23,852; and taxes of $9,553.

We incurred other operating expenses of $164,750 for the year ended April 30, 2012. Notable expenses in this category are: rent of $85,160; travel and entertainment of $16,017; utilities of $16,360; advertising, marketing and website expenses of $26,697; maintenance contracts of $7,165; and taxes of $9,470.

Interest and financing costs for the fiscal year ended April 30, 2013 were $335,828 as compared to $463,999 for the fiscal year ended April 30, 2012. Depreciation and amortization for the fiscal year ended April 30, 2013 was $6,953 as compared to $11,166 for the fiscal year ended April 30, 2012.

Net Loss-Continuing Operations

Despite a $123,974 (42.8%) increase in revenues from $289,628 to $413,602, and a $128,171 (27.6%) decrease in interest expense and financing costs from $463,999 to $335,828, our net loss from continuing operations for the year ended April 30, 2013 increased $1,727,396 (173.4%) to $2,723,518 from a loss of $996,121 for the year ended April 30, 2012. The increase in net loss from operations was primarily due to: a $49,551 (51.4%) increase in cost of goods sold from $96,312 to $145,863; a $769,053 (83.3%) increase in total general and administrative expenses from $923,349 to $1,692,403 which was partially a result of a reduction of allocation percentage of these expenses between continuing and discontinued operations as compared to the prior fiscal year ; a $124,374 (107.1%) increase in non-cash financing costs from $116,147 to $240,521; a $728,266 (576.6%) increase in amortization of debt discount to $854,569 as compared to $126,303 last year; a $323,533 (83.0%) decrease in derivative liability from a credit of $389,574 last year to a credit of $66,041 this year; and a $4,212 (37.7%) decrease in depreciation and amortization to $6,935 from $11,116.

Our net loss attributable to common stockholders for the year ended April 30, 2013 increased $1,576,190 (73.3%) to $3,726,523 from a loss of $2,150,333 for the year ended April 30, 2012. This increase in net loss attributable to common stockholders for the year ended April 30, 2013 was primarily due to the $153,902 (14.9%) decrease in net loss from discontinued operations to $880,210 from $1,034,112; a $11,024 (17.8%) increase in other income from $61,954 to $72,978, and the net loss from continuing operations.

Our net loss per common share (basic and diluted) attributable to common stockholders was $0.33 for the year ended April 30, 2013 and $0.28 for the year ended April 30, 2012.

LIQUIDITY AND CAPITAL RESOURCES

As of April 30, 2013, we had a deficit net worth of $3,874,694. We generated a deficit in cash flow from operations of $1,754,262 for the year ended April 30, 2013. This deficit is primarily attributable to net loss attributed to shareholders $3,726,523 adjusted for, dividends of $157,758; non-controlling interest in the net loss of $34,962; equity based compensation of $568,116; stock based financing costs of $235,252; increases in derivative liabilities of $854,569; net decreases in debt discount of $66,041; and to changes in the balances of current assets, consisting primarily of an increase in pre-paid expenses of $31,376, and current liabilities, consisting primarily of an increase in accounts payable of $277,735. We met our cash requirements during the period through net proceeds from the issuances of convertible notes of $698,910, and we sold common and preferred stock for net proceeds of $921,775, we repaid notes in the amount of $27,125 and borrowed $6,500 from a director. Cash flows from discontinued operations included: cash provided by operating activities of $86,528, primarily depreciation and loss reserves; cash provided by investing activities of $384,474(sale or liquidation of leases and RISCs); and cash used in financing activities of $297,725 (repayment of senior bank debt).

While we have raised capital to meet our working capital and financing needs in the past, additional financing is required in order to meet our current and projected cash flow deficits from operations and development.

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We continue seeking additional financing which may be in the form of senior debt, subordinated debt or equity. Other than described above, we currently have no commitments for financing. There is no guarantee that we will be successful in raising the funds required.

We estimate that we will need approximately $1,500,000 in addition to our normal operating cash flow to conduct operations during the next twelve months. Based on the above, on capital received from equity financing to date, and certain indications of interest to purchase our equity, we believe that we have a reasonable chance to raise sufficient capital resources to meet projected cash flow deficits through the next twelve months. There can be no assurance that additional private or public financing, including debt or equity financing, will be available as needed, or, if available, on terms favorable to us. Any additional equity financing may be dilutive to stockholders and such additional equity securities may have rights, preferences or privileges that are senior to those of our existing common or preferred stock. Furthermore, debt financing, if available, will require payment of interest and may involve restrictive covenants that could impose limitations on our operating flexibility. However, if we are not successful in generating sufficient liquidity from operations or in raising sufficient capital resources, on terms acceptable to us, this could have a material adverse effect on our business, results of operations, liquidity and financial condition, and we will have to adjust our planned operations and development on a more limited scale.

The effect of inflation on our revenue and operating results was not significant. Our operations are located in North America and there are no seasonal aspects that would have a material effect on our financial condition or results of operations.

AUDITOR'S OPINION EXPRESSES DOUBT ABOUT THE COMPANY'S ABILITY TO CONTINUE AS A "GOING CONCERN"

The independent auditors report on our April 30, 2013 and 2012 consolidated financial statements included in this Annual Report states that our historical losses and the lack of revenues raise substantial doubts about our ability to continue as a going concern, due to the losses incurred and lack of significant operations. If we are unable to develop our business, we may have to discontinue operations or cease to exist, which would be detrimental to the value of the Company's common stock. We can make no assurances that our business operations will develop and provide us with significant cash to continue operations.

PLAN OF OPERATIONS

Addressing the Going Concern Issues

In order to improve our liquidity, our management is actively pursuing additional equity financing through discussions with investment bankers and private investors. There can be no assurance that we will be successful in our efforts to secure additional equity financing.

We continue to experience net operating losses. Our ability to continue as a going concern is subject to our ability to develop profitable operations. We are devoting substantially all of our efforts to developing our business and raising capital. Our net operating losses increase the difficulty in meeting such goals and there can be no assurances that such methods will prove successful.

The primary issues management will focus on in the immediate future to address this matter include:

- seeking institutional investors for equity investments in our company; and
- initiating negotiations to secure short term financing through promissory notes or other debt instruments on an as needed basis.

To address these issues, we are negotiating the potential sale of securities with investment banking companies to assist us in raising capital.

Product Research and Development

We do not anticipate incurring significant research and development expenditures during the next twelve months.

Acquisition or Disposition of Plant and Equipment

We do not anticipate the acquisition or sale of any significant property, plant or equipment during the next twelve months.

Number of Employees

From our inception through the period ended April 30, 2013, we have relied on the services of outside consultants for services and currently have ten full-time employees. In order for us to attract and retain quality personnel, we anticipate we will have to offer competitive salaries to future employees. If we fully implement our business plan, we anticipate our employment base may increase by at least 50% during the next twelve months. As we continue to expand, we will incur additional cost for personnel. This projected increase in personnel is dependent upon our generating revenues and obtaining sources of financing. There is no guarantee that we will be successful in raising the funds required or generating revenues sufficient to fund the projected increase in the number of employees.

Inflation

The impact of inflation on our costs and the ability to pass on cost increases to our customers over time is dependent upon market conditions. We are not aware of any inflationary pressures that have had any significant impact on our operations over the past year, and we do not anticipate that inflationary factors will have a significant impact on future operations.

CRITICAL ACCOUNTING POLICIES

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and judgments that affect our reported assets, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities. We base our estimates and judgments on historical experience and on various other assumptions we believe to be reasonable under the circumstances. Future events, however, may differ markedly from our current expectations and assumptions. While there are a number of significant accounting policies affecting our financial statements, we believe the following critical accounting policy involves the most complex, difficult and subjective estimates and judgments.

Revenue Recognition

Revenues from history report and mobile app products are recognized on a cash basis.

Revenues from RISCs and leases

The RISCs are secured by liens on the titles to the vehicles. The RISCs are accounted for as loans. Upon purchase, the RISCs appear on our balance sheet as RISC loans receivable current and long term. When the RISC is entered into our accounting system, based on the customer's APR (interest rate), an amortization schedule for the loan on a simple interest basis is created. Interest is computed by taking the principal balance times the APR rate then divided by 365 days to get your daily interest amount. The daily interest amount is multiplied by the number of days from the last payment to get the interest income portion of the payment being applied. The balance of the payment goes to reducing the loan principal balance.

Our leases are accounted for as either operating leases or direct financing leases. At the inception of operating leases, no lease revenue is recognized and the leased motorcycles, together with the initial direct costs of originating the lease, which are capitalized, appear on the balance sheet as "motorcycles under operating leases-net". The capitalized cost of each motorcycle is depreciated over the lease term, on a straight-line basis, down to the original estimate of the projected value of the motorcycle at the end of the scheduled lease term (the "Residual"). Monthly lease payments are recognized as rental income. An acquisition fee classified as fee income on the financial statements is received and recognized in income at the inception of the lease. Direct financing leases are recorded at the gross amount of the lease receivable, and unearned income at lease inception is amortized over the lease term.

We realize gains and losses as the result of the termination of leases, both at and prior to their scheduled termination, and the disposition of the related motorcycle. The disposal of motorcycles, which reach scheduled termination of a lease, results in a gain or loss equal to the difference between proceeds received from the disposition of the motorcycle and its net book value. Net book value represents the residual value at scheduled lease termination. Lease terminations that occur prior to scheduled maturity as a result of the lessee's voluntary request to purchase the vehicle have resulted in net gains, equal to the excess of the price received over the motorcycle's net book value.

Early lease terminations also occur because of (i) a default by the lessee, (ii) the physical loss of the motorcycle, or (iii) the exercise of the lessee's early termination. In those instances, we receive the proceeds from either the resale or release of the repossessed motorcycle, or the payment by the lessee's insurer. We record a gain or loss for the difference between the proceeds received and the net book value of the motorcycle. We charge fees to manufacturers and other customers related to creating a private label version of our financing program including web access, processing credit applications, consumer contracts and other related documents and processes. Fees received are amortized and booked as income over the length of the contract.

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Stock-Based Compensation

The Company adopted ASC 718-10, which records compensation expense on a straight-line basis, generally over the explicit service period of three to five years.

ASC 718-10 requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Company's Consolidated Statement of Operations. The Company is using the Black-Scholes option-pricing model as its method of valuation for share-based awards. The Company's determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to the Company's expected stock price volatility over the term of the awards, and certain other market variables such as the risk free interest rate.

RECENT ACCOUNTING PRONOUNCEMENTS

For information regarding recent accounting pronouncements and their effect on the Company, see "Recent Accounting Pronouncements" in Note A of the Notes to Consolidated Financial Statements contained herein.

Off-Balance Sheet Arrangements

We do not maintain off-balance sheet arrangements nor do we participate in non-exchange traded contracts requiring fair value accounting treatment.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Sparta Commercial Services, Inc.
New York, New York

We have audited the accompanying consolidated balance sheets of Sparta Commercial Services, Inc., as of April 30, 2013 and 2012, and the related consolidated statements of losses, deficit and cash flows for each of the two years in the period ended April 30, 2013. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on the financial statements based upon our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sparta Commercial Services, Inc. at April 30, 2013 and 2012, and the consolidated results of its operations and its cash flows for each of the two years in the period ended April 30, 2013, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the company will continue as a going concern. As discussed in the Note O to the accompanying consolidated financial statements, the company has suffered recurring losses from operations that raises substantial doubt about the company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note O. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ R B S M LLP

New York, New York
August 13, 2013

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SPARTA COMMERCIAL SERVICES, INC.
CONSOLIDATED BALANCE SHEETS

	AS OF April 30, 2013	2012
ASSETS		
Cash and cash equivalents	$38,213	$19,138
Accounts receivable	153,847	162,350
Property and equipment, net of accumulated depreciation and amortization of $194,795 and $187,842, respectively (NOTE B)	14,546	21,499
Goodwill	10,000	10,000
Other assets	57,907	9,628
Deposits	40,568	48,967
Total assets from continuing operations	315,081	271,582
Assets from discontinued operations (NOTE C)	109,669	618,148
Total assets	$424,750	$889,730
LIABILITIES AND DEFICIT		
Liabilities:		
Accounts payable and accrued expenses	$1,333,187	$1,267,160
Senior secured notes payable banks (NOTE D)	-	288,815
Notes payable net of beneficial conversion feature of $105,029 and $33,979, respectively (NOTE E)	2,004,475	1,791,692
Loans payable-related parties (NOTE F)	393,260	386,760
Derivative liabilities	378,802	374,697
Total liabilities from continuing operations	4,109,724	4,109,124
Liabilities from discontinued operations (NOTE C)	189,720	227,198
Total liabilities	4,299,444	4,336,322
Deficit:		
Preferred stock, $0.001 par value; 10,000,000 shares authorized of which 35,850 shares have been designated as Series A convertible preferred stock, with a stated value of $100 per share, 125 and 125 shares issued and outstanding, respectively	12,500	12,500
Preferred stock B, 1,000 shares have been designated as Series B redeemable preferred stock, $0.001 par value, with a liquidation and redemption value of $10,000 per share, 157 and 157 shares issued and outstanding, respectively	1,570	1,570
Preferred stock C, 200,000 shares have been designated as Series C redeemable, convertible preferred, $0.001 par value, with a liquidation and redemption value of $10 per share, 0 and 0 shares issued and outstanding, respectively	-	-
Common stock, $0.001 par value; 740,000,000 shares authorized, 14,131,242 and 8,668,123 shares issued and outstanding, respectively	14,131	8,668
Common stock to be issued, 625,340, and 1,125,099 respectively	625	1,125
Preferred stock B to be issued, 56.8 and 41.09 shares, respectively	57	-
Additional paid-in-capital	38,483,198	35,209,835
Subscriptions receivable, Preferred stock, Series B	(2,118,309)	(2,118,309)

Accumulated deficit	(40,991,658)	(37,265,135)
Total deficiency in stockholders' equity	(4,597,885)	(4,149,745)
Noncontrolling interest	723,191	703,154
Total Deficit	(3,874,694)	(3,446,592)
Total Liabilities and Deficit	$424,750	$889,730

See accompanying notes to consolidated financial statements.

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SPARTA COMMERCIAL SERVICES, INC.
CONSOLIDATED STATEMENT OF LOSSES

	Year Ended April 30, 2013	Year Ended April 30, 2012
Revenue		
Information technology	413,602	289,628
Cost of goods sold	145,863	96,312
Gross profit	267,739	193,316
Operating expenses:		
General and administrative	1,692,403	923,349
Depreciation and amortization	6,953	11,166
Total operating expenses	1,699,356	934,515
Loss from operations	(1,431,617)	(741,199)
Other (income) expense:		
Other income	(72,978)	(61,954)
Interest expense and financing cost, net	335,828	463,999
Non-cash financing costs	240,521	116,147
Amortization of debt discount	854,569	126,303
(Gain) loss in changes in fair value of derivative liability	(66,041)	(389,574)
Total other (income) expense	1,291,899	254,921
Net loss from continuing operations before income taxes	$(2,723,518)	$(996,121)
Income tax (expense) benefit	-	-
Net loss from discontinued operations net of income taxes	$(880,210)	(1,034,112)
Net Loss	$(3,603,727)	$(2,030,233)
Net loss attributed to noncontrolling interest	34,962	38,090
Preferred dividend	(157,758)	(158,190)
Net loss attributed to common stockholders	$(3,726,523)	$(2,150,333)
Basic and diluted loss per share	$(0.24)	$(0.27)
Basic and diluted loss per share attributed to common stockholders	$(0.33)	$(0.28)
Weighted average shares outstanding	11,139,632	7,569,609

See accompanying notes to consolidated financial statements.

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SPARTA COMMERCIAL SERVICES, INC.
CONSOLIDATED STATEMENT OF DEFICIT
FOR THE TWO YEARS ENDED APRIL 30, 2013

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Common Stock to be issued		Subscriptions	Additional Paid in
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Receivable	Capital
Balance April 30, 2011	125	$12,500	157	$1	6,388,168	$ 6,388	985,324	$ 985	$ (2,118,309)	$ 33,976,134
Correction in par value				1,570						(1,305)
Cancelled common shares							(5,431)	(5)		
Preferred dividend to be issued										157,393
Derivative liability reclassification										(171,960)
Sale of stock					584,191	584	70,468	70		283,201
Shares issued for financing cost					160,907	161	(3,133)	(3)		115,989
Shares issued for conversion of notes & interest					1,119,912	1,120	47,506	48		395,826
Stock compensation					414,945	415	21,476	21		271,461
Purchase of assets for stock							8,889	9		9,991
Employee options expense										173,105
Sale of subsidiary's preferred stock										
Net Loss										
Balance April 30, 2012	125	12,500	157	1,570	8,668,123	8,668	1,125,099	1,125	(2,118,309)	35,209,835
Reverse split correction					5,000	5	(1,000)	(1)		(235)
Preferred dividend to be issued										156,985
Derivative liability										852,853

reclassification										
Sale of common stock					2,420,560	2,420	22,460	22		864,333
Shares issued for financing cost					341,190	342	(8,090)	(8)		234,918
Shares issued for conversion of notes and interest					2,036,950	2,037	(504,230)	(504)		597,043
Stock compensation					650,520	650				390,787
Purchase of assets for stock					8,899	9	(8,899)	(9)		
Employee options expense										176,679
Sale of subsidiary's preferred stock										
Net loss										
Balance April 30, 2013	125	$12,500	157	$1,570	14,131,242	$ 14,131	625,340	$ 625	$ (2,118,309)	$ 38,483,198

See accompanying notes to consolidated financial statements.

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SPARTA COMMERCIAL SERVICES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE YEAR ENDED APRIL 30, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$(3,726,523)	$(2,150,333)
Adjustments to reconcile net loss to net cash used in operating activities:		
Adjustment for reverse split	(190)	-
Dividend on preferred stock	157,758	158,190
Loss allocable to non-controlling interest	(34,962)	(38,090)
Depreciation and amortization	6,953	11,166
Allowance for loss reserves	-	(28,891)
Change in fair value of derivative liabilities	(66,041)	(389,574)
Amortization of debt discount	854,569	126,303
Shares issued for finance cost	235,252	116,147
Shares issued upon conversion of interest	4,448	
Equity based compensation	568,116	445,011
Write-down of net assets of discontinued operations	-	-
(Increase) decrease in operating assets:		
Inventory	-	(12,759)
Interest receivable	-	5,432
Accounts receivable	-	(95,963)
Prepaid expenses and other assets	(31,376)	128,777
Restricted cash	-	9,749
Portfolio		24,544
Increase (decrease) in operating liabilities:		
Notes issued in settlement of accrued interest		95,000
Accounts and notes payable and accrued expenses	277,735	154,385
Net cash used in operating activities	(1,754,262)	(1,440,905)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchase) liquidation of leased vehicles	-	(77,913)
Net liquidation of RISC contracts	-	594,782
(Purchase) of equipment	-	(8,094)
Net cash provided by investing activities	-	508,775
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from sale of subsidiary stock	55,000	450,455
Net proceeds from sale of common stock	866,775	283,855
Net payments to senior lenders	-	(458,349)
Net proceeds from convertible notes	698,910	601,427
Net payments on notes payable	(27,125)	-
Net loan proceeds from other related parties	6,500	-
Net cash provided by financing activities	1,600,061	877,388
Cash flows from discontinued operations:		
Cash provided by operating activities of discontinued operations	86,528	63,094
Cash provided by investing activities of discontinued operations	384,474	-

Cash (used in) financing activities of discontinued operations	(297,726)	-
Net Cash flow from discontinued operation	173,276	63,094
Net Increase in cash	$19,075	$8,352
Unrestricted cash and cash equivalents, beginning of period	$19,138	10,786
Unrestricted cash and cash equivalents, end of period	$38,213	$19,138
Cash paid for:		
Interest	$65,954	$211,628
Income taxes	$5,340	$1,961
Non cash investing and financing activities (see: Note M)		

See accompanying notes to consolidated financial statements.

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SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2013 AND 2012

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements follows.

Business and Basis of Presentation

Since May 2010, the Company has concentrated its efforts on developing and marketing vehicle history reports, over the internet, and mobile apps for vehicle dealers and other market segments. Historically, the Company had been in the business as an originator and indirect lender for consumer retail installment loans and consumer lease financing for the purchase or lease of new and used motorcycles (specifically 550cc and higher) and utility-oriented 4-stroke all-terrain vehicles (ATVs). These consumer financing products were discontinued during the fiscal year ending April 30, 2013 (see Discontinued Operations). The Company continues to offer a leasing program for municipalities.

Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Discontinued Operations

As discussed in NOTE C, in the second quarter of fiscal 2013, the Company's Board of Directors approved management's recommendation to discontinue the Company's consumer lease and loan lines of business and the sale of all of the Company's portfolio of RISCs, and a portion of its portfolio of leases. The sale was consummated in that quarter. The assets and liabilities have been accounted for as discontinued operations in the Company's consolidated balance sheets for all periods presented. The operating results related to these lines of business have been included in discontinued operations in the Company's consolidated statements of loss for all periods presented

Revenue Recognition

Revenues from history report and mobile app products are recognized on a cash basis.

Revenues from RISCs and leases:

The RISCs are secured by liens on the titles to the vehicles. The RISCs are accounted for as loans. Upon purchase, the RISCs appear on our balance sheet as RISC loans receivable current and long term. When the RISC is entered into our accounting system, based on the customer's APR (interest rate), an amortization schedule for the loan on a simple interest basis is created. Interest is computed by taking the principal balance times the APR rate then divided by 365 days to get your daily interest amount. The daily interest amount is multiplied by the number of days from the last payment to get the interest income portion of the payment being applied. The balance of the payment goes to reducing the loan principal balance.

Our leases are accounted for as either operating leases or direct financing leases. At the inception of operating leases, no lease revenue is recognized and the leased motorcycles, together with the initial direct costs of originating the lease, which are capitalized, appear on the balance sheet as "motorcycles under operating leases-net". The capitalized cost of each motorcycle is depreciated over the lease term, on a straight-line basis, down to the original estimate of the projected value of the motorcycle at the end of the scheduled lease term (the "Residual"). Monthly lease payments are recognized as rental income. An acquisition fee classified as fee income on the financial statements is received and recognized in income at the inception of the lease. Direct financing leases are recorded at the gross amount of the lease receivable, and unearned income at lease inception is amortized over the lease term.

We realize gains and losses as the result of the termination of leases, both at and prior to their scheduled termination, and the disposition of the related motorcycle. The disposal of motorcycles, which reach scheduled termination of a lease, results in a gain or loss equal to the difference between proceeds received from the disposition of the motorcycle and its net book value. Net book value represents the residual value at scheduled lease termination. Lease terminations that occur prior to scheduled maturity as a result of the lessee's voluntary request to purchase the vehicle have resulted in net gains, equal to the excess of the price received over the motorcycle's net book value.

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SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2013 AND 2012

Early lease terminations also occur because of (i) a default by the lessee, (ii) the physical loss of the motorcycle, or (iii) the exercise of the lessee's early termination. In those instances, we receive the proceeds from either the resale or release of the repossessed motorcycle, or the payment by the lessee's insurer. We record a gain or loss for the difference between the proceeds received and the net book value of the motorcycle. We charge fees to manufacturers and other customers related to creating a private label version of
our financing program including web access, processing credit applications, consumer contracts and other related documents and processes. Fees received are amortized and booked as income over the length of the contract.

Inventories

Inventories are valued at the lower of cost or market, with cost determined using the first-in, first-out method and with market defined as the lower of replacement cost or realizable value.

Website Development Costs

The Company recognizes website development costs in accordance with ASC 350-50, "Accounting for Website Development Costs." As such, the Company expenses all costs incurred that relate to the planning and post implementation phases of development of its website. Direct costs incurred in the development phase are capitalized and recognized over the estimated useful life. Costs associated with repair or maintenance for the website are included in cost of net revenues in the current period expenses.

Cash Equivalents

For the purpose of the accompanying financial statements, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

Income Taxes

Deferred income taxes are provided using the asset and liability method for financial reporting purposes in accordance with the provisions of ASC 740-10, "Accounting for Income Taxes". Under this method, deferred tax assets and liabilities are recognized for temporary differences between the tax bases of assets and liabilities and their carrying values for financial reporting purposes and for operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be removed or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statements of operations in the period that includes the enactment date.

ASC 740-10, “Accounting for Uncertainty in Income Taxes prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740also provides guidance on derecognition, classification, treatment of interest and penalties, and disclosure of such positions. As a result of implementing ASC 740, there has been no adjustment to the Company’s consolidated financial statements and the adoption of ASC 740 did not have a material effect on the Company’s consolidated financial statements for the year ending April 30, 2013.

Fair Value Measurements

The Company adopted ASC 820," Fair Value Measurements". ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets the lowest priority to unobservable inputs to fair value measurements of certain assets and Liabilities. The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1 — Quoted prices for identical instruments in active markets. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market, as well as certain securities that are highly liquid and are actively traded in over-the-counter markets.

- Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model derived valuations in which all significant inputs and significant value drivers are observable in active markets.

- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value measurements. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques based on significant unobservable inputs, as well as management judgments or estimates that are significant to valuation.

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2013 AND 2012

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. For some products or in certain market conditions, observable inputs may not always be available.

Impairment of Long-Lived Assets

In accordance ASC 360-10, “Impairment or Disposal of Long-Lived Assets” long-lived assets, such as property, equipment, motorcycles and other vehicles and purchased intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows or quoted market prices in active markets if available, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Comprehensive Income

In accordance with ASC 220-10, “Reporting Comprehensive Income," establishes standards for reporting and displaying of comprehensive income, its components and accumulated balances. Comprehensive income is defined to include all changes in equity except those resulting from investments by owners and distributions to owners. Among other disclosures, ASC 220-10 requires that all items that are required to be recognized under current accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. At April 30, 2013, the Company has no items of other comprehensive income.

Segment Information

The Company adopted ASC 280-10 “Disclosures about Segments of an Enterprise and Related Information”. ASC 280-10 establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information for those segments to be presented in consolidated financial reports issued to stockholders. ASC 280-10 also establishes standards for related disclosures about products and services and geographic areas. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision making group, in making decisions how to allocate resources and assess performance. The information disclosed herein, materially represents all of the financial information related to the Company's principal operating segments.

In the second quarter of fiscal 2013, the Company’s Board of Directors approved management’s recommendation to discontinue the Company’s consumer lease and loan lines of business and the sale of all of the Company’s portfolio of RISCs and a portion of its portfolio of leases. The sale was consummated in that quarter. The assets and liabilities have been accounted for as discontinued operations in the Company’s consolidated balance sheets for all periods presented. The operating results related to these lines of business have been included in discontinued operations in the Company’s consolidated statements of loss for all periods presented. As these lines of business were discontinued during the fiscal year ending April 30, 2013, the Company has discontinued segment reporting.

Stock Based Compensation

The Company adopted ASC 718-10, which records compensation expense on a straight-line basis, generally over the explicit service period of three to five years.

ASC 718-10 requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Company’s Consolidated Statement of Operations. The Company is using the Black-Scholes option-pricing model as its method of valuation for share-based awards. The Company’s determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by the Company’s stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to the Company’s expected stock price volatility over the term of the awards, and certain other market variables such as the risk free interest rate.

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SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2013 AND 2012

Property and Equipment

Property and equipment are recorded at cost. Minor additions and renewals are expensed in the year incurred. Major additions and renewals are capitalized and depreciated over their estimated useful lives. Depreciation is calculated using the straight-line method over the estimated useful lives. Estimated useful lives of major depreciable assets are as follows:

Leasehold improvements	3 years
Furniture and fixtures	7 years
Website costs	3 years
Computer Equipment	5 years

Advertising Costs

The Company follows a policy of charging the costs of advertising to expenses incurred. During the years ended April 30, 2013 and 2012, the Company's continuing operations incurred advertising costs of $4,196 and $4,734, respectively.

Net Loss Per Share

The Company uses ASC 260-10, "Earnings Per Share" for calculating the basic and diluted loss per share. The Company computes basic loss per share by dividing net loss and net loss attributable to common shareholders by the weighted average number of common shares outstanding. Common equivalent shares are excluded from the computation of net loss per share if their effect is anti-dilutive.

On May 18, 2012, the Company's Board of Directors declared effective a 1 for 75 reverse common stock split. Per share basic and diluted net loss attributable to common stockholders amounted to $0.33 and $0.28 for the years ended April 30, 2013 and 2012, respectively. At April 30, 2013 and 2012, 6,035,657 (including 625,340 shares to be issued included on the balance sheet) and 8,668,123 (including 1,125,099 shares to be issued included on the balance sheet) potential shares, respectively, were excluded from the shares used to calculate diluted earnings per share as their inclusion would reduce net loss per share.

Reclassifications

Certain reclassifications have been made to conform to prior periods' data to the current presentation. These reclassifications had no effect on reported losses.

Recent Accounting Pronouncements

There are various updates recently issued, most of which represented technical corrections to the accounting literature or applications to specific industries and are not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

NOTE B - PROPERTY AND EQUIPMENT

Major classes of property and equipment at April 30, 2013 and 2012 consist of the followings:

		2013		2012
Computer equipment, software and furniture	$	209,341	$	209,341
Less: accumulated depreciation		(194,795)		(187,842)
Net property and equipment	$	14,546	$	21,499

Depreciation expense related to property and equipment was $6,953 and $11,166 for the years ended April 30, 2013 and 2012, respectively.

NOTE C - DISCONTINUED OPERATIONS

In the second quarter of fiscal 2013, the Company's Board of Directors approved management's recommendation to discontinue the Company's consumer lease and loan lines of business and the sale of all of the Company's portfolio of RISCs and a portion of its portfolio of leases. The sale was consummated in that quarter. The assets and liabilities have been accounted for as discontinued operations in the Company's consolidated balance sheets for all periods presented.

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The operating results related to these lines of business have been included in discontinued operations in the Company's consolidated statements of loss for all periods presented. The following table presents summarized operating results for those discontinued operations.

	Fiscal Year Ended April 30, 2013	Fiscal Year Ended April 30, 2012
Revenues	$ 203,997	$ 250,933
Net loss	$ (880,210)	$ (1,034,112)

As the Company sold all of its portfolio of RISCs, and a portion of its portfolio of leases with the remaining leases in final run-off mode, therefore there no portfolio performance measures were calculated for the year ending April 30, 2013

ASSETS INCLUDED IN DISCONTINUED OPERATIONS

MOTORCYCLES AND OTHER VEHICLES UNDER OPERATING LEASES

Motorcycles and other vehicles under operating leases at April 30, 2013 and 2012 consist of the following:

	2013	2012
Motorcycles and other vehicles	$ 152,157	$ 373,933
Less: accumulated depreciation	(36,687)	(120,151)
Motorcycles and other vehicles, net of accumulated depreciation	115,470	253,782
Less: estimated reserve for residual values	(8,880)	(10,498)
Motorcycles and other vehicles under operating leases, net	$ 106,590	$ 243,284

At April 30, 2013, motorcycles and other vehicles are being depreciated to their estimated residual values over the lives of their lease contracts. Depreciation expense for vehicles for the years ended April 30, 2013 and 2012 was $53,191 and $65,344, respectively. All of the assets are pledged as collateral for the note described in SECURED NOTES PAYABLE in this Note These remaining leases are in a run-off mode.

The following is a schedule by years of minimum future rentals (excluding residual values of $169,316) on non-cancelable operating leases as of April 30, 2013:

Year ending April 30,	
2014	$ 94,267
2015	12,323
Total	$ 106,590

INVENTORY

Inventory is comprised of repossessed vehicles and vehicles which have been returned at the end of their lease. Inventory is carried at the lower of depreciated cost or market, applied on a specific identification basis. At April 30, 2013, the Company had no repossessed vehicles which are held for resale. At April 30, 2012, the Company had repossessed vehicles which are held for resale totaling $25,885.

RETAIL (RISC) LOAN RECEIVABLES

All of the Company's RISC loan receivables were sold in August 2012. As of April 30, 2013 and 2012, the Company had deficiency receivables of $6,156 and $21,513, respectively. At April 30, 2013 and 2012, the reserve for doubtful RISC loan receivables was $3,078 and $15,276, respectively.

As the Company sold all of its portfolio of RISCs, and a portion of its portfolio of leases with the remaining leases in final run-off mode, therefore there no portfolio performance measures were calculated for the year ending April 30, 2013.

In conjunction with the sale of the RISC portfolio and payoff of the senior secured bank debt, restricted cash of $54,937 on the balance sheet at April 30, 2012 was released to the Company by the senior secured lender.

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LIABILITIES INCLUDED IN DISCONTINUED OPERATIONS

SECURED NOTES PAYABLE

		2013		2012
Secured, subordinated individual lender (a)	$	181,258	$	208,561
Secured, subordinated individual lender (b)		14,337		18,636
Total	$	195,595	$	227,197

(a) The Company had financed certain of its leases and RISCs through two third parties. The repayment terms are generally one year to five years and the notes are secured by the underlying assets. The weighted average interest rate at April 30, 2013 is 15.29%.

(b) On October 31, 2008, the Company purchased certain loans secured by a portfolio of secured motorcycle leases ("Purchased Portfolio") for a total purchase price of $100,000. The Company paid $80,000 at closing, $10,000 in April 2009 and agreed to pay the remaining $10,000 upon receipt of additional Purchase Portfolio documentation. As of April 30, 2013, no such documents have been received. Proceeds from the Purchased Portfolio started accruing to the Company beginning November 1, 2008. To finance the purchase, the Company issued a $150,000 Senior Secured Note dated October 31, 2008 ("Senior Secured Note") in exchange for $100,000 from the holder. Terms of the Senior Secured Note require the Company to make semi-monthly payments in amounts equal to all net proceeds from Purchased Portfolio lease payments and motorcycle asset sales received until the Company has paid $150,000 to the holder. To finance the purchase, the Company issued a $150,000 Senior Secured Note dated October 31, 2008 ("Senior Secured Note") in exchange for $100,000 from the holder. Terms of the Senior Secured Note require the Company to make semi-monthly payments in amounts equal to all net proceeds from Purchased Portfolio lease payments and motorcycle asset sales received until the Company has paid $150,000 to the holder. The Company was obligated to pay any remainder of the Senior Secured Note by November 1, 2009 which was extended to May 1, 2013, and has granted the note holder a security interest in the Purchased Portfolio. On January 31, 2013, the holder converted $50,000 of the outstanding balance of the Note into 60,606 shares of the Company's restricted common stock. The note, which had an outstanding balance of $14,338 at April 30, 2013, has been extended to October 13, 2013.

At April 30, 2013, the notes payable mature as follows:

Year ended April 30,		Amount
2014	$	174,007
2015		21,588
Total Due	$	195,595

NOTE D - SENIOR SECURED NOTES PAYABLE

		2013		2012
Senior secured institutional lender (a)	$	-	$	288,815

Total	$ -	$ 288,815

(a) In August 2012, the Company retired its senior secured notes payable with the proceeds from the sale of its RISC portfolio.

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NOTE E - NOTES PAYABLE

Notes Payable		April 30, 2013		April 30, 2012
Notes convertible at holder's option (a)	$	1,694,504	$	1,385,671
Notes convertible at Company's option (b)		-		25,000
Notes with interest only convertible at Company's option (c)		360,000		360,000
Non-convertible notes payable (d)		55,000		55,000
Subtotal		2,109,504		1,825,671
Less, Debt discount		(105,029)		(33,979)
Total	$	2,004,475	$	1,791,692

(a) Notes convertible at holder's option consists of: (i) a $1,145,105, 8% note originally due April 30, 2013, but subsequently amended to such time as the law suit filed by the Company (see: PART I, ITEM 3 LEGAL PROCEEDINGS) is fully adjudicated, convertible at the holder's option at $0.495 per share. The Company has recorded a $663,403 beneficial conversion discount for this note. The discount was fully amortized during fiscal 2013; (ii) a $37,500 8% note due September 5, 2013, a $25,000 8% note due October 17, 2013 and a $20,000, 8% note due November 11, 2013. The Company has recorded beneficial conversion discounts of $27,156, $18,104, and $14,483, respectively, for these notes. The discounts are being fully amortized over the terms of the notes. All of these notes are convertible at the note holder's option at a variable conversion price such that during the period during which the notes are outstanding, with both notes convertible at 58% multiplied by the average of the three lowest closing bid prices for the common stock during the ten trading day period ending one trading day prior to the submission date of the conversion notice by the note holder to the Company (the "Discount Conversion Rate"). Convertible notes issued in prior periods were converted into common stock in the current period (see Note G). The Company has reserved up to 1,344,487 shares of its common stock for conversion pursuant to the terms of the notes. In the event the notes are not paid when due, the interest rate is increased to twenty-two percent until the note is paid in full; (iii) a $103,399, 12% note due August 31, 2012, convertible at the holder's option at $3.75 per share, the Company is paying $2,000 in monthly penalty shares on this note until the note is paid in full (the number of penalty shares is based on the five day volume weighted average closing price of the Company's common stock for the five trading days prior to the 19th of each month); (iv) seven notes aggregating $118,250, all due October 30, 2013 with interest ranging from 15% to 20%, the Company is paying 667 monthly penalty shares until the note is paid in full on one $25,000 note which had been past due, all of the notes are convertible at the holder's option at $0.375 per share. The Company has recorded a $5,340 beneficial conversion discount for these notes. The discount is being fully amortized over the term of the notes; (v) three notes aggregating $106,250, all due October 30, 2013 with interest ranging from 20% to 25%, all of the notes are convertible at the holder's option at $0.375 per share. The Company has recorded a $6,120 beneficial conversion discount for these notes. The discount is being fully amortized over the term of the notes; (vi) a $50,000, 8% convertible note due August 4, 2013, convertible at the holder's option at the lower of $0.35 or the closing market price on the day of conversion. The note holder received 10,000 shares of common stock as inducement for the note. The note carries an 18% default interest rate. The Company has recorded a $35,136 beneficial conversion discount for this note. The discount is being fully amortized over the initial term of the note, $25,000 of the note was received subsequent to April 30, 2013; and (vii) a 55,000, 5% convertible note due August 10, 2013 and a $59,000 note due April 24, 2014. This lender has committed to lend up to $330,000 (three hundred thousand) in the form of two $165,000 notes. The Lender initially advanced $55,000 against one $165,000 note which amount was repaid via conversion. The Lender advanced an additional $55,000 against one $165,000 note and $59,000 against the other note. The lender may lend additional consideration to the Company in such amounts and at such dates as Lender may choose in its sole discretion. The principal sum due to lender shall be prorated based on the consideration actually paid by lender (plus an approximate 10% original issue discount that is prorated based on the consideration actually paid by the lender as well as any other interest or fees) such that the borrower is only required to repay the amount funded and the Company is not required to repay any unfunded portion of this note. The maturity date is one year from the effective date of each payment and is the date upon which the Principal Sum of this Note, as well as any unpaid interest and other fees, shall be due and payable. The Conversion Price is the lesser of $1.20 or 70% of the average of the three lowest closing prices during the 20 trading days immediately previous to the day the conversion notice is delivered to the Company (In the case that conversion shares are not deliverable by DWAC an additional 5% discount will apply; and if the shares are chilled for deposit into the DTC system and only eligible for Xclearing deposit an additional 7.5% discount shall apply). Unless otherwise agreed in writing by both parties, at no time will the lender convert any amount of this note into common stock that would result in the lender owning more than 4.99% of the common stock outstanding. The Company has recorded a $48,858 beneficial conversion discount for the two outstanding notes. The discount is being fully amortized over the initial term of the notes. During the third quarter, the Company wrote off $10,798 in beneficial conversion discount on notes which were fully converted.

(b) Convertible at Company’s option, this note was paid in full during the quarter ended July 31, 2012.

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(c) Notes with interest only convertible at Company's option consist of: (i) two 22% notes in the amounts of $10,000 each, due October 31, 2012 and August 30, 2012 respectively, and a $25,000 note due May 1, 2011, was extended to October 31, 2012. The Company is paying the note holder 3,334 shares per month until the note is paid or renegotiated. Interest is payable on all three notes at the Company's option in cash or in shares at the rate of $1.50 per share; and (ii) a $315,000, 12.462% note due April 30, 2014. Interest is payable quarterly with a minimum or $600 in cash with the balance payable in cash or stock at the Company's option as calculated as the volume weighted average price of the Company's common stock for the ten day trading period immediately preceding the last day of each three month period.

(d) Non-convertible notes consist of a $30,000 note due October 31, 2012 which bears no interest; the Company has agreed to pay 2,667 monthly penalty shares until the note is paid in full on this note which had been past due, and a $25,000 non-interest bearing note due April 21, 2013. The note holder received 10,000 shares of common stock as inducement for the note.

Amortization of Beneficial Conversion Feature for the fiscal years ended April 30, 2013 and 2012 was $854,569 and $126,303, respectively.

The Company's derivative financial instruments consist of embedded derivatives related to the outstanding short term Convertible Notes Payable. These embedded derivatives include certain conversion features indexed to the Company's common stock. The accounting treatment of derivative financial instruments requires that the Company record the derivatives and related items at their fair values as of the inception date of the Convertible Notes Payable and at fair value as of each subsequent balance sheet date. In addition, under the provisions of Accounting Standards Codification subtopic 815-40, Derivatives and Hedging; Contracts in Entity's Own Equity ("ASC 815-40"), as a result of entering into the Convertible Notes Payable, the Company is required to classify all other non-employee stock options and warrants as derivative liabilities and mark them to market at each reporting date. Any change in fair value inclusive of modifications of terms will be recorded as non-operating, non-cash income or expense at each reporting date. If the fair value of the derivatives is higher at the subsequent balance sheet date, the Company will record a non-operating, non-cash charge. If the fair value of the derivatives is lower at the subsequent balance sheet date, the Company will record non-operating, non-cash income.

The change in fair value of the derivative liabilities of warrants outstanding at April 30, 2013 was calculated with the following average assumptions, using a Black-Scholes option pricing model are as follows:

Significant Assumptions:

Risk free interest rate	Ranging from	0.08 %		to 0.61 %		
Expected stock price volatility				157 %		
Expected dividend payout				0		
Expected options life in years	Ranging from	.75	years	to	4.7	years

The change in fair value of the derivative liabilities of convertible notes outstanding at April 30, 2013 was calculated with the following average assumptions, using a Black-Scholes option pricing model are as follows:

Significant Assumptions:

Risk free interest rate	Ranging from	0.05	%	to	0.11	%
Expected stock price volatility					157	%
Expected dividend payout					0	
Expected options life in years	Ranging from	.3	years	to	1	year

NOTE F - LOANS PAYABLE TO RELATED PARTIES

The Company has outstanding, non-interest bearing notes totaling $379,500 to a Director and $13,760 to an officer and Director as of April 30, 2013.

At April 30, 2013 and 2012, included in accounts receivable, are none and $10,189, respectively, due from American Motorcycle Leasing Corp., a company controlled by a director and formerly controlled by the Company's Chief Executive Officer, for the purchase of motorcycles.

NOTE G - EQUITY INSTRUMENTS

On May 18th, 2012, the Company’s Board of Directors declared effective a one for seventy-five reverse common stock split. All per share amounts in these consolidated financial statements and accompanying notes have been retroactively adjusted to the earliest period presented for the effect of this reverse stock split.

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The Company is authorized to issue 10,000,000 shares of preferred stock with $0.001 par value per share, of which 35,850 shares have been designated as Series A convertible preferred stock with a $100 stated value per share, 1,000 shares have been designated as Series B Preferred Stock with a $10,000 per share liquidation value per share, and 200,000 shares have been designated as Series C Preferred Stock with a $10 per share liquidation value and 740,000,000 shares of common stock with $0.001 par value per share. The Company had 125 and 125 shares of Series A preferred stock issued and outstanding as of April 30, 2013 and April 30, 2012, respectively. The Company had 157 and 157 shares of Series B preferred stock issued and outstanding as of April 30, 2013 and April 30, 2012 and 56.8 and 41.09 shares to be issued in lieu of cash dividends on the Series B shares, respectively. The Company had 0 and 0 shares of Series C preferred stock issued and outstanding as of April 30, 2013 and April 30, 2012, respectively. The Company had 14,131,242 and 8,668,123 shares of common stock issued and outstanding and shares committed to be issued of 625,340 and 1,125,099 as of April 30, 2013 and April 30, 2012, respectively.

Preferred Stock Series A.

The Series A preferred stock has a stated value of $100 per share, carries a 6% annual cumulative dividend, payable semi-annually in arrears, and is convertible into shares of common stock at the rate of one preferred share into 8.55 shares of common stock. There were no transactions of the Series A Preferred Stock during the year ended April 30, 2013.

Preferred Stock Series B

On July 24, 2009, the Company designated 1,000 shares as Series B Preferred Stock. The Series B Preferred Stock, with respect to dividend rights and rights upon liquidation, winding-up or dissolution, rank senior to the Company's common stock and any other class or series of preferred stock, and junior to all of the Company's existing and future indebtedness. The Series B Preferred Stock accrues dividends at an annual rate of 10%. Accrued dividends are payable upon redemption of the Series B Preferred Stock. The Company's common stock may not be redeemed while shares of Series B Preferred Stock are outstanding. The Series B Preferred Stock certificate of designations provides that, without the approval of a majority of the shares of Series B Preferred Stock, the Company cannot authorize or create any class of stock ranking as to distribution of assets upon a liquidation senior to or otherwise pari passu with the Series B Preferred Stock, liquidate, dissolve or wind-up the Company's business and affairs, or effect certain fundamental corporate transactions, or otherwise alter or change adversely the powers, preferences or rights given to the Series B Preferred Stock. The Series B Preferred Stock have a liquidation preference per share equal to the original price per share thereof plus all accrued dividends thereon upon liquidation, including upon consummation of certain fundamental corporate transactions, dissolution, or winding up of the Company's business. The shares of Series B Preferred Stock are redeemable at the Company's option on or after the fifth anniversary of the date of its issuance. There were no transactions of the Series B Preferred Stock during the year ended April 30, 2013. As of April 30, 2013, the Company has accrued 56.8 shares of Series B Preferred Stock to be paid in lieu of a 10% cash dividend.

Preferred Stock Series C

In November 2009, the Company authorized a new series of 200,000 shares of preferred stock designated as Series C Convertible Preferred Stock, each share having a par value of $0.001 per share. The Series C Preferred Stock shall, upon liquidation, winding-up or dissolution, rank: (a) senior to the Company's common stock and any other class or series of preferred stock of the Company which by their terms are junior to the Series C Preferred Stock (collectively, together with any warrants, rights, calls or options exercisable for or convertible into such Preferred Stock, the “Junior Shares”); (b) junior to all existing and future indebtedness of the Company; and (c) junior to the Company's Series A and Series B Preferred Stock. The Series C Preferred Stock is not entitled to receive any dividends, has a liquidation value of $10.00 per share, redeemable at the Company’s option at $10.00 per share, and is convertible at the option of the holder into shares of common stock as follows: the number of such shares of common stock to be received for each share of Series C Preferred Stock so converted shall be determined by (A) dividing the number of shares of Series C Preferred Stock to be converted by the weighted average closing price per share of the Company's common stock for the ten (10) trading days immediately preceding the date on which the Company agrees to issue shares of Series C Preferred Stock to such holder multiplied by (B) the Series C liquidation value. There were 0 and 0 shares issued and outstanding at April 30, 2013 and 2012, respectively.

Common Stock

During the fiscal years ended April 30, 2013 and 2012, the Company expensed $568,116 and $445,011, respectively, for non-cash charges related to stock and option compensation expense.

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During the fiscal year ended April 30, 2013, the Company:

- Issued to six holders 1,404,520 shares of common stock upon conversion of $579,765 of notes and accrued interest with an additional 166,530 shares for such conversions to be issued at April 30, 2013.
- Issued to three creditors 46,000 shares of common stock in payment of $18,810 of accounts payable.
- Issued 586,430 shares for note and accrued interest conversion which were booked as shares to be issued in the prior fiscal year.
- Sold 2,442,639 shares of its restricted common stock to twenty two accredited investors for an aggregate purchase price of $866,737. 256,589 of the shares were classified as to be issued at April 30, 2013.
- Issued 234,130 shares for common stock purchases which were booked as shares to be issued in the prior year
- Pursuant to the terms of four consulting agreements, the Company issued a total of 527,190 shares of common stock valued at $344,638.
- The Company issued to six consultants, 123,330 shares of common stock valued at $48,800.
- Issued 8,899 shares of common stock for purchased assets which were classified as to be issued at April 30, 2012.
- Issued 20,000 shares of common stock, valued at $6,200, to a note holder as inducement.
- The Company's subsidiary, Specialty Reports, Inc. ("SRI") sold 11 shares of its Series C Preferred stock to four accredited investors for $55,000. The Series C Preferred stock does not pay a dividend. Each share has a liquidating value of $5,000 and is redeemable by SRI at any time after one year. Each share is convertible at the holder's option at any time into either 1,000 shares of SRI common stock, or 2,000 shares of Sparta Commercial Services common stock.

NOTE H – NON-CONTROLLING INTEREST

For the fiscal years ended April 30, 2013 and April 30, 2012, the non-controlling interest is summarized as follows:

		Amount
Balance at April 30, 2011	$	290,789
Issuance of Series A Preferred Stock		12,455
Issuance of Series B Preferred Stock		328,000
Issuance of Series C Preferred Stock		110,000
Noncontrolling interest's share of losses		(38,090)
Balance at April 30, 2012		703,154
Issuance of Series C Preferred Stock		55,000
Noncontrolling interest's share of losses		(34,963)
Balance at April 30, 2013	$	723,191

NOTE I – FAIR VALUE MEASUREMENTS

The Company follows the guidance established pursuant to ASC 820 which established a framework for measuring fair value and expands disclosure about fair value measurements. ASC 820 defines fair value as the amount that would be received for an asset or paid to transfer a liability (i.e., an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes the following three levels of inputs that may be used:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets and liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets but corroborated by market data.

Level 3: Unobservable inputs when there is little or no market data available, thereby requiring an entity to develop its own assumptions. The fair value hierarchy gives the lowest priority to Level 3 inputs.

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The table below summarizes the fair values of our financial liabilities that are required to be carried on a recurring basis as of April 30, 2013:

	Fair Value at April 30, 2013	Fair Value Measurement Using Level 1	Level 2	Level 3
Derivative liability	$ 378,802	-	-	$ 378,802
	$ 378,802	-	-	$ 378,802

The following is a description of the valuation methodologies used for these items:

Derivative liability — these instruments consist of certain variable conversion features related to notes payable obligations and certain outstanding warrants. These instruments were valued using pricing models which incorporate the Company's stock price, volatility, U.S. risk free rate, dividend rate and estimated life.

NOTE J - INCOME TAXES

At April 30, 2013 and 2012, the Company has available for federal income tax purposes a net operating loss carry forward of approximately $28,815,643 and $26,091,552, respectively, that may be used to offset future taxable income. The Company has provided a valuation reserve against the full amount of the net operating loss benefit, since in the opinion of management based upon the earnings history of the Company; it is more likely than not that the benefits will not be realized. Also, due to change in the control after reverse acquisition of Sparta Commercial Services, Inc., the Company's past accumulated losses to be carried forward may be limited.

Components of deferred tax assets as of April 30, 2013 and 2012 are as follows:

	April 30, 2013	2012
Noncurrent:		
Net operating loss carry forward	$ 8,068,092	$ 7,305,634
Valuation allowance	(8,068,092)	(7,305,634)
Net deferred tax asset	$ -	$ -

The valuation allowance and increased by $762,458 and decreased by $509,562 during the years ended April 30, 2013 and 2012, respectively.

NOTE K - STOCK OPTIONS AND WARRANTS

Options:

On April 29, 2005, the Company issued to the Chief Operating Officer non-qualified stock options to purchase 11,667 shares of the Company's common stock, subject to vesting conditions, at an exercise price of $45.375 per share. The options have a five year life from vesting. A total of 7,000 of these options have expired.

During the year ended April 30, 2007, the Company granted options to purchase an aggregate of 57,334 shares of common stock to one employee and one Director. 53,334 of the options are exercisable at a price of $14.355 per share and4, 000 are exercisable at $9.00 per share. At grant date, 13,334 options vested immediately. The vested and unvested options were initially valued at $636,433 using the Black-Scholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 131%; (3) risk-free interest rate of 5.04% and 5.24%, vest over a 36 month period and expire if unexercised in five years. 22,667 of these options have expired.

During the year ended April 30, 2008, the Company granted options to purchase an aggregate of 15,600 shares of common stock to thirteen employees exercisable at $7.50 per share. As a result of separation from employment, a total of 11,600 unexercised options were cancelled. The remaining vested and unvested options had an initial value of $23,019 using the Black-Scholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 143%; (3) risk-free interest rate of 4.76%, vest over a 48 month period and expire if unexercised in ten years.

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During the year ended April 30, 2011, the Company issued stock options, exercisable at $1.875 per share until May 12, 2015, subject to vesting at the rate of 20% on the grant date, 40% on May 12, 2012, and 40% on May 12, 2013, to the following officers and directors: Anthony Havens, 88,967 options; Kristian Srb, 32,867 options; Richard Trotter, 53,550 options; Jeffrey Bean, 12,750 options; Anthony Adler, 53,267 options; and Sandra Ahman, 41,934 options. The vested and unvested options were initially valued at $409,790 using the Black-Scholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 271; (3) risk-free interest rate of 0.89%, vest over a 36 month period and expire if unexercised in five years. $163,322 and $163,916 of the initial value were charged to expense in fiscal year end 2012 and 2013, respectively.

During the year ended April 30, 2011, the Company issued to four employees under the Company’s 2005 Stock Incentive Compensation Plan options to purchase a total of 28,667 shares of common stock at $1.65 per share until December 1, 2018, subject to vesting at the rate of 40% on the grant date, 20% on December 1, 2011, 20% on December 1, 2012 and 20% on December 1, 2013. As of April 30, 2011, the vested and unvested options were initially valued at $42,961 using the Black-Scholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 250; (3) risk-free interest rate of 2.33%, vest over a 48 month period and expire if unexercised in ten years. $8,592 and $8,592 of the initial value were charged to expense in fiscal year end 2012 and 2013, respectively.

During the year ended April 30, 2012, the Company issued to two directors, 13,334, five year options each. The options are exercisable at $0.60 per share and have been valued at $5,955 each using the Black-Scholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 227%; (3) risk-free interest rate of 0.41%, vest over a 36 month period and expire if unexercised in five years. The Company charged $1,191 and $4,170 to expenses for the fiscal years ended 2012 and 2013, respectively.

No options were granted during the fiscal year ended April 30, 2013.

The following table summarizes common stock options issued to officers, directors and employees outstanding and the related exercise price.

Options Outstanding			Options Exercisable	
Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
379,667	2.40	$ 3.20	363,267	$ 3.30

Transactions involving stock options issued to officers, directors and employees are summarized as follows:

	Number of Shares	Weighted Average Price Per Share
Outstanding at April 30, 2011	383,000	$ 4.50
Granted	26,666	0.60

Exercised	-		-
Canceled or expired	(15,667)		(20.25)
Outstanding at April 30, 2012	394,000	$	3.75
Granted	-		-
Exercised	-		-
Canceled or expired	(14,333)		(18.91)
Outstanding at April 30, 2013	379,667	$	3.20

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No options were granted during the fiscal year ended April 30, 2013. The weighted-average fair value of stock options granted during the year ended April 30, 2012 was $0.60 and the weighted-average significant assumptions used to determine those fair values, using a Black-Scholes option pricing model are as follows:

Significant Assumptions (weighted average):	2012
Risk free interest rate at grant date:	0.41%
Expected stock price volatility	227%
Expected dividend payout	0
Expected options life in years(a)	3.00

(a) The expected option life is based on vested dates. The Company expensed $176,679 and $173,105 in the fiscal years ending April 30, 2013 and 2012, respectively, as the value of options issued to directors, officers and employees.

Warrants:

During the year ended April 30, 2009, the Company issued warrants to purchase an aggregate of 3,334 shares of common stock to a consultant. The warrants have been valued at $17,423 using the Black-Sholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 248%, (3) risk-free interest rate of 1.72%, and (4) expected life of 5 years. The warrants have an exercise price of $3.75 and are fully vested.

During the year ended April 30, 2009, the Company issued warrants to purchase an aggregate of 2,667 shares of common stock to two individuals in connection with their services to the Company. The warrants have been valued at $5,979 using the Black-Sholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 268%, (3) risk-free interest rate of 1.41%, and (4) expected life of 5 years. The warrants have an exercise price of $11.25 and are fully vested.

During the year ended April 30, 2010, the Company issued warrants to purchase an aggregate of 6,667 shares of common stock to a consultant. The warrants have been valued at $24,339 using the Black-Sholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 261%, (3) risk-free interest rate of 1.44%, and (4) expected life of 3 years. The warrants have an exercise price of $3.75 and are fully vested. This warrant expired in November 2012.

During the year ended April 30, 2010, in connection with the sale of short term notes, the Company issued three year warrants to purchase 33,375 shares of its common stock at $11.25 per share. The warrants have been valued at $178,026 using the Black-Sholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 281%, (3) risk-free interest rate of 1.42%, and (4) expected life of 3 years. All of these warrants expired during the fiscal year ended April 30, 2013.

During the year ended April 30, 2010, in connection with the sale of common stock, the Company issued three year warrants to purchase 164,221 shares of its common stock at $5.25 per share to eight accredited investors. The warrants have been valued at $491,576 using the Black-Sholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility ranging from 281% to 360%, (3) risk-free interest rate ranging from 1.25% to 1.42%, and (4) expected life of 3 years. 33,855 of these warrants expired during the fiscal year ended April 30, 2013 and the remaining 130,366 warrants were cancelled and 130,366 new three warrants exercisable at $0.8475 were issued.

During the year ended April 30, 2011, in connection with the sale of common stock, the Company issued three year warrants to purchase 195,213 shares of its common stock at $5.25 per share, to six accredited investors. The warrants have been valued at $389,123 using the Black-Sholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility ranging from 280 to 395, (3) risk-free interest rate ranging from 1.05% to 1.51%, and (4) expected life of 3 years. During the fiscal year that ended April 30, 2013, 159,902 warrants were cancelled and 159,902 new three warrants exercisable at $0.8475 were issued.

The three year warrants described in the preceding two paragraphs were valued at $394,967 using the Black-Sholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 225%, (3) risk-free interest rate of 0.467%, and (4) expected life of 3 years. The difference, $215,865, between this valuation and the remaining book valuation of the cancelled warrants of $179,102 was fully expensed in the second quarter of fiscal year ended 2013.

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During the year ended April 30, 2011, the Company issued five warrants to purchase an aggregate of 23,977 shares of common stock to a consultant. The warrants have been valued at $105,235 using the Black-Sholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility ranging from 150% to 402%, (3) risk-free interest rate ranging from 1.64 % to 1.95%, and (4) expected life of 5 years. The warrants have an exercise price of $1.275 and are fully vested. $3,863 was credited to expenses in fiscal 2012 and $9,749 was charged to expenses in fiscal 2013as a result of revaluation of the warrants during those periods.

During the year ended April 30, 2012, the Company issued four warrants to purchase an aggregate of 43,641 shares of common stock to a consultant. The warrants have been valued at $33,006 using the Black-Sholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility ranging from 208 %to 378%, (3) risk-free interest rate ranging from 0.82% to 1.68%, and (4) expected life of 5 years. The warrants have exercise prices of ranging from $0.60 to $1.275 and are fully vested. $49,326 was charged to expenses during fiscal 2012 which amount includes revaluation of the warrants and $18,586 was charged to expenses during fiscal year end 2013.

During the year ended April 30, 2013, the Company issued two warrants to purchase an aggregate of 40,000 shares of common stock to a consultant. The warrants have been valued at $33,801 using the Black-Sholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility ranging from 184% to 194%, (3) risk-free interest rate of 0.70%, and (4) expected life of 5 years. The warrants have exercise prices of $0.60 and are fully vested. $44,214 was charged to expenses during fiscal 2013 which amount includes revaluation of the warrants.

The Company adopted SFAS No. 123(R) during third quarter of Fiscal year 2006, which no longer permits the use of the intrinsic value method under APB No. 25. The Company uses the modified prospective method to adopt SFAS No. 123(R), which requires compensation expense to be recorded for all stock-based compensation granted on or after January 1, 2006, as well the unvested portion of previously granted options. The Company is recording the compensation expense on a straight-line basis, generally over the explicit service period of three years. The Company made no stock-based compensation grants prior to the adoption of Statement 123(R) and therefore has no unrecognized stock compensation related liabilities or expense unvested or vested prior to 2006.

The following table summarizes the changes in warrants outstanding and the related prices for the shares of the Company’s common stock issued to non-employees of the Company.

	Warrants Outstanding			Warrants Exercisable	
Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 8.25	3,333	.05	$ 8.25	3,333	$ 8.25
$ 5.25	35,311	0.88	$ 5.25	35,311	$ 5.25
$ 3.75	2,667	0.83	$ 3.75	2,667	$ 3.75
$ 1.275	25,938	2.74	$ 1.275	25,938	$ 1.275
$ 0.8475	290,267	3.07	$ 0.8475	290,267	$ 0.8475
$ 0.80	20,000	4.67	$ 0.80	20,000	$ 0.80

$	0.75	21,680	3.33	$	0.75	21,680	$	0.75
$	0.60	40,000	4.16	$	0.60	40,000	$	0.60
		439,196	2.77	$	1.27	439,196	$	1.27

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Transactions involving stock warrants issued to non-employees are summarized as follows:

	Number of Shares	Weighted Average Exercise Price Per Share
Outstanding at April 30, 2011	478,817	$ 5.25
Granted	43,641	0.705
Exercised	-	-
Canceled or expired	(9,286)	(11.25)
Outstanding at April 30, 2012	513,172	5.25
Granted	330,268	0.82
Exercised	-	-
Canceled or expired	(404,244)	(2.40)
Outstanding at April 30, 2013	439,196	$ 1.27

The weighted-average fair value of stock warrants granted to non-employees during the years ended April 30, 2013 and 2012 was $0.98 and $3.75, respectively, and the weighted-average significant assumptions used to determine those fair values, using a Black-Scholes option pricing model are as follows:

	2013	2012
Significant assumptions (weighted-average):		
Risk-free interest rate at grant date	0.48 %	1.061%
Expected stock price volatility	194 %	300%
Expected dividend payout	-	-
Expected option life-years	3 years	3 years

The amount of the initial expenses charged to operations for compensatory warrants granted in exchange for services was $33,801 and $49,326 for the years ended April 30, 2013 and 2012, respectively.

The Company's derivative financial instruments consist of embedded derivatives related to the short term Convertible Notes Payable. These embedded derivatives include certain conversion features indexed to the Company's common stock. The accounting treatment of derivative financial instruments requires that the Company record the derivatives and related items at their fair values as of the inception date of the Convertible Notes Payable and at fair value as of each subsequent balance sheet date. In addition, under the provisions of Accounting Standards Codification subtopic 815-40, Derivatives and Hedging; Contracts in Entity's Own Equity ("ASC 815-40"), as a result of entering into the Convertible Notes Payable, the Company is required to classify all other non-employee stock options and warrants as derivative liabilities and mark them to market at each reporting date. Any change in fair value inclusive of modifications of terms will be recorded as non-operating, non-cash income or expense at each reporting date. If the fair value of the derivatives is higher at the subsequent balance sheet date, the Company will record a non-operating, non-cash charge. If the fair value of the derivatives is lower at the subsequent balance sheet date, the Company will record non-operating, non-cash income.

NOTE L - COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments

Our executive offices are located at 370 Lexington Avenue, Suite 1901, New York, NY 10017. The Company's prior lease terminated in November 2012. The rent for the seven months ended November 2012 was $184,974.

We have an agreement for use of office space at our current location under a sub-lease expiring on November 29, 2014. The office space contains approximately 3,000 square feet. The rent for the year ended April 30, 2012 was $283,867. For the year ended April 30, 2013, the combined rent was $246,632. For the year ending April 30, 2014 the rent is $151,164 and for the seven months ending November 29, 2014 the rent is $89,453. Additionally, during the term of the sub-lease the Company is required to pay $965 monthly for electricity.

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Employment and Consulting Agreements

The Company does not have employment agreements with any of its non-executive employees.

The Company has consulting agreements with outside contractors to provide marketing and financial advisory services. The agreements are generally for a term of 12 months from inception and renewable automatically from year to year unless either the Company or consultant terminates such engagement by written notice.

The Company entered into an employment agreement, dated as of July 12, 2004, with Anthony L. Havens, our Chief Executive Officer. The employment is for a term of five years. The employment term is to be automatically extended for one five-year period, and additional one-year periods, unless written notice is given three months prior to the expiration of any such term that the term will not be extended. The agreement was automatically extended for five years on July 12, 2009. He is entitled to six weeks of paid vacation per year, and health insurance, short term and long term disability insurance, retirement benefits, fringe benefits, and other employee benefits on the same basis as is generally made available to other senior executives. He did not receive any equity compensation as part of this agreement.

Litigation

The Company is subject to legal proceedings and claims which arise in the ordinary course of its business. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters should not have a material adverse effect on its financial position, results of operations or liquidity.

On December 18, 2012, a suit was filed by the Company, as plaintiff, asserting claims against a former credit provider seeking substantial damages for the credit provider's alleged breaches of fiduciary duties it owed to the Company, among other causes of action the Company has alleged in a Complaint filed in the United States District Court for the Southern District of New York. There can be no assurance that the Company will prevail on any of its claims in this action.

NOTE M - NON-CASH FINANCIAL INFORMATION

During the year ended April 30, 2013, the Company:

- issued two warrants to purchase an aggregate of 40,000 shares of common stock to a consultant valued at $33,801.
- issued 8,899 shares of common stock, which were classified as to be issued at April 30, 2013, for purchase of assets.
- issued pursuant to notes and penalty provisions of notes, 341,190 shares of unregistered common stock, valued at $235,252
- issued 20,000 shares of common stock, valued at $6,200, to a note holder as inducement.

During the year ended April 30, 2012, the Company:

- issued four warrants to purchase an aggregate of 43,641 shares of common stock to a consultant valued at $33,006.
- agreed to issue 8,899 shares of common stock, which were classified as to be issued at April 30, 2013, valued at $10,000, for purchase of assets.
-

issued pursuant to notes and penalty provisions of notes, 143,774 shares of unregistered common stock, valued at $116,153.

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NOTE N - SUBSEQUENT EVENTS

Subsequent to April 30, 2013 the Company:

- Sold 1,217,020 shares of restricted common stock to twelve accredited investors for $314,663
- Issued 34,282 shares of restricted common stock valued at $11,133 to four note holders pursuant to the terms of the notes
- Issued 214,562 shares of restricted common stock valued at $57,668 to three consultants
- Issued 426,670 shares restricted common stock which had been classified as to be issued at April 30, 2013
- Issued 50,000 shares of common stock in partial settlement of accounts payable
- Issued 196,223 shares of common stock to two note holders upon conversion of $50,000 of notes payable and accrued interest thereon and $29,500 in accrued interest
- Borrowed $30,000 from a current note holder and added that amount to the outstanding balance of his 8% convertible note (convertible at $0.495) due April 30, 2014
- Borrowed $20,000 pursuant to the terms of an existing $165,000 convertible note commitment
- Borrowed $25,000 pursuant to the terms of another $165,000 convertible note commitment. The lender may lend additional consideration to the Company in such amounts and at such dates as Lender may choose in its sole discretion. The principal sum due to lender shall be prorated based on the consideration actually paid by lender (plus an approximate 10% original issue discount that is prorated based on the consideration actually paid by the lender as well as any other interest or fees) such that the borrower is only required to repay the amount funded and the Company is not required to repay any unfunded portion of this note. The maturity date is one year from the effective date of each payment and is the date upon which the Principal Sum of this Note, as well as any unpaid interest and other fees, shall be due and payable. The Conversion Price is the lesser of $0.60 or 70% of the lowest closing prices during the 20 trading days immediately previous to the day the conversion notice is delivered to the Company (In the case that conversion shares are not deliverable by DWAC an additional 5% discount will apply; and if the Company fails to maintain its status as DTC Eligible, the Principal amount of the Note shall increase by $10,000 and the conversion price shall be redefined to equal the lesser of $0.60 or 50% of the lowest closing prices during the 25 trading days immediately previous to the day the conversion notice is delivered to the Company. Unless otherwise agreed in writing by both parties, at no time will the lender convert any amount of this note into common stock that would result in the lender owning more than 4.99% of the common stock outstanding
- Repaid in two convertible notes aggregating $62,500.
- Borrowed $50,000 pursuant to the terms of a six month 8 % convertible note, convertible at $0.25 per share, and agreed to issue10,000 shares of restricted common stock to the note holder as inducement for the loan
- Borrowed $25,000 pursuant to the terms of a one month non-interest bearing note, and if the note is not paid at maturity, agreed to issue1,000 shares of restricted common stock per month, or portion thereof until the note is repaid, to the note holder
- Borrowed $5,000 from a director on a non-interest bearing, demand basis.

NOTE O - GOING CONCERN MATTERS

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying consolidated financial statements during the period October 1, 2001 (date of inception) through April 30, 2013, the Company has incurred a cumulative net loss of $40,991,658. During the year ended April 30, 2013, the Company incurred a net loss of $3,726,523. As of April 30, 2013, the Company's had a deficit net worth of

$3,874,694. These factors among others may indicate that the Company will be unable to continue as a going concern for a reasonable period of time.

The Company's existence is dependent upon management's ability to develop profitable operations. Management is devoting substantially all of its efforts to developing its business and raising capital and there can be no assurance that the Company's efforts will be successful. While, the planned principal operations have commenced, no assurance can be given that management's actions will result in profitable operations or the resolution of its liquidity problems. The accompanying statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

In order to improve the Company's liquidity, the Company's management is actively pursuing additional equity financing through discussions with investment bankers and private investors. There can be no assurance the Company will be successful in its effort to secure additional equity financing.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Exchange Act that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure. We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Principal Financial Officer, of the effectiveness of our disclosure controls and procedures as of April 30, 2013. Based on the evaluation of these disclosure controls and procedures, and in light of the material weaknesses found in our internal controls, the Chief Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were not effective.

Management Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) of the Exchange Act. Under the supervision and with the participation of our Chief Executive Officer and Principal Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of April 30, 2013 using the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. In our assessment of the effectiveness of internal control over financial reporting as of April 30, 2013, we determined that control deficiencies existed that constituted material weaknesses, as described below:

- lack of documented policies and procedures;
- we have no audit committee;
- there is a risk of management override given that our officers have a high degree of involvement in our day to day operations.
- there is no effective separation of duties, which includes monitoring controls, between the members of management.

Management is currently evaluating what steps can be taken in order to address these material weaknesses.

Accordingly, we concluded that these control deficiencies resulted in a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis by our internal controls.

As a result of the material weaknesses described above, management has concluded that we did not maintain effective internal control over financial reporting as of April 30, 2013 based on criteria established in Internal Control—Integrated

Framework issued by COSO.

RBSM LLP, an independent registered public accounting firm, was not required to and has not issued a report concerning the effectiveness of our internal control over financial reporting as of April 30, 2013.

Changes in Internal Controls

During the fiscal year ended April 30, 2013, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATION GOVERNANCE

Our Management

The following table sets forth our executive officers and directors and their respective ages and positions as of August 1, 2013.

Name	Age	Position
Anthony L. Havens	59	Chief Executive Officer, President, and Chairman
Kristian Srb	58	Director
Jeffrey Bean	60	Director
Anthony W. Adler	73	Executive Vice President and Principal Financial Officer
Richard P. Trotter	70	Chief Operating Officer
Sandra L. Ahman	50	Vice President, Secretary and Director

Management Profiles

Anthony L. Havens, Chief Executive Officer, President, and Chairman. On February 27, 2004, Mr. Havens became our Chief Executive Officer, President and Chairman of the Board. Mr. Havens served as acting Chief Financial Officer from July 2005 to September 2006. Mr. Havens served as the Managing Member and Chief Executive Officer of our predecessor entity, Sparta Commercial Services, LLC, since its inception in 2001 until its dissolution in February 2006. He is involved in all aspects of Sparta's operations, including providing strategic direction, and developing sales and marketing strategies. From 1994 to 2004, Mr. Havens has been Chief Executive Officer and a director of American Motorcycle Leasing Corp. He co-founded American Motorcycle Leasing Corp. in 1994, and developed its operating platform and leasing program to include a portfolio which includes both prime and sub-prime customers. Mr. Havens has over 20 years of experience in finance and investment banking.

Kristian Srb, Director. Mr. Srb joined our board of directors in December 2004. Mr. Srb has been a director of American Motorcycle Leasing Corp. from 1994 to the present. Mr. Srb was President of American Motorcycle Leasing Corp. from 1994 to 1999. Since 1999, Mr. Srb has engaged in private investment activities. He has over 16 years' experience in international brand development and management, including for 13 years with Escada A.G.

Jeffrey Bean, Director. Mr. Bean joined our Board of Directors in December 2004. Mr. Bean is the founder and President of Bean Foods, LLC. Formed in July 2006 the company develops, owns and operates quick serve restaurants in Georgia. Prior to founding Bean Foods, Mr. Bean was the founding partner for GoMotorcycle.com, a business that engaged in the sale of motorcycle parts and accessories over the Internet. Mr. Bean was an institutional broker and trader at a major commodities trading firm from 1985 to 1997. From 1977 to 1985, Mr. Bean was President of Thomaston Press, Ltd., a printing concern. He received a B.A. degree from the University of Virginia.

Anthony W. Adler, Executive Vice President and Principal Financial Officer. From March 2004 to August 2006, Mr. Adler was a full time consultant to the Company, and in September 2006, joined Sparta as Executive Vice President and also as principal financial officer. From 1995 to March 2004, he was Chief Financial Officer of American Motorcycle Leasing Corp. From 1993 to 1994 Mr. Adler was Chief Executive Officer of Innotek, Inc., a public company engaged in the development and distribution of skin-care products. Prior to 1993, Mr. Adler served in numerous executive capacities including Director of Research and Vice President, Corporate Finance for two New York Stock Exchange Member Firms. Mr. Adler holds an MBA from New York University and a BA from Columbia

College.

Richard P. Trotter, Chief Operating Officer. Mr. Trotter has been our Chief Operating Officer since November 2004. From 2001 to 2004, Mr. Trotter was President, Chief Credit Officer, of American Finance Company, Inc., purchasing retail automobile installment contracts from independent automobile dealers nationwide. From 1996 to 2001, he was Senior Vice President of Originations for Consumer Portfolio Services, Inc., one of the nation's leading purchasers of non-prime retail automobile installment contracts. From 1994 to 1996, he was Senior Vice President of Marketing for Consumer Portfolio Services, Inc. His experience also includes positions as Chief Operating Officer, Executive Director and President, and Chief Credit Officer for banks and financial institutions in California. Mr. Trotter has over 30 years' experience in financial institutions and over 20 years' experience specializing in the automobile lending, servicing, and collecting industry.

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Sandra L. Ahman, Vice President, Secretary and Director. On March 1, 2004, Sandra Ahman became Vice President of Operations and Secretary of Sparta, and a Director on June 1, 2004. She served as a Vice President of our predecessor entity, Sparta Commercial Services, LLC since its inception in 2001 until its dissolution in February 2006. From 1994 to 2004, she was Vice President of Operations of American Motorcycle Leasing Corp. Prior to joining American Motorcycle Leasing Corp.; Ms. Ahman was with Chatham Capital Partners, Ltd. Before joining Chatham in 1993, she was Manager, Human Resources for Comart and Aniforms, a sales promotion and marketing agency in New York, where she worked from 1986 to 1993. For the past 15 years, Ms. Ahman has been a volunteer with The Children's Aid Society in New York City, a membership of 500 committed volunteers, serving from 2000 to 2002 as President of its Associates Council, from 2002 to 2005 as Chairman of the Associates Council, and and from 2002 to 2012 as a member of the Advisory Council of their Board of Trustees.

Board of Directors Information and Corporate Governance

There are no family relationships among our executive officers or directors. None of our directors or officers serves or has served during the past five years as a director of another reporting company or a registered investment company. Based solely in reliance on representations made by our officers and directors, during the past ten years, none of the following occurred with respect to such persons: no petition under the Federal bankruptcy laws or any state insolvency law was filed by or against, or a receiver, fiscal agent or similar officer was appointed by a court for the business or property of such persons, or any partnership in which he or she was a general partner or any corporation or business association of which he or she was an executive officer at or within two years before the time of such filing; no such persons were convicted in a criminal proceeding or are a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses); no such persons were the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of any competent jurisdiction, permanently or temporarily enjoining, or of any federal or state authority barring, suspending or otherwise limiting, their involvement in any type of business practice, or in securities or banking or other financial institution activities; and no such persons were found by a court of competent jurisdiction in a civil action or by the Securities and Exchange Commission or by the Commodity Futures Trading Commission to have violated any federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Our directors are elected annually to serve for one year and hold office until the next annual meeting of the stockholders and until their successors are elected and qualified. Our Board of Directors may increase the size of the Board of Directors. Any director who fills a position created by the Board of Directors serves until the next annual meeting of the stockholders. Our officers are elected by the Board of Directors at the first meeting after each annual meeting of our stockholders, and hold office until their death, resignation or removal from office. In seeking candidates for directors, our Board may use their business, professional and personal contacts; accept the recommendations from other Board members, stockholders or management. Candidates recommended by security holders are considered. Current members of the Board are considered for re-election. The process for evaluating candidates and the manner of evaluation is the same regardless of the category of person recommending the proposed candidate. The Board considers business experience, mix of skills and other criteria and qualities appropriate for Board membership, including: intelligence, high personal and professional ethics, values, integrity and sound judgment; education; business and professional skills and experience; familiarity with our business and the industry in general; independence from management; ability to devote sufficient time to Board business; commitment to regularly attend and participate in meetings of our Board and its committees; and concern for the long-term interests of the stockholders. While such factors important in evaluating candidates, we do not impose any specific, minimum qualifications for director nominees.

Our Board of Directors does not currently maintain a separately-designated standing audit, nominating, or compensation committee, or other similar committee, of the Board of Directors, and we do not have audit, nominating, or compensation committee, or other similar charter. Functions customarily performed by such committees are performed by our Board as a whole as our operations have been limited and we have had a small number of officers and a small number of directors since inception. We are not required to maintain such committees under the applicable rules of the OTC Bulletin Board. None of our directors qualify as an "audit committee financial expert." As all of our Board members are officers or nominees of a substantial stockholder who may not be deemed independent, we have not established separate Board committees.

The Board of Directors has not adopted a specific process with respect to security holder communications, but security holders wishing to communicate with the Board of Directors may do so by mailing such communications to the Board of Directors at our offices.

Code of Ethics

We have adopted a "code of ethics", as defined by the SEC, which applies to all our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires Sparta's executive officers, directors, and persons who beneficially own more than ten percent of Sparta's common stock to file with the Securities and Exchange Commission initial reports of beneficial ownership and reports of changes in beneficial ownership of Sparta's common stock. Such persons are also required by Securities and Exchange Commission regulations to furnish Sparta with copies of all such Section 16(a) forms filed by such person. Based solely on a review of the copies of such reports furnished to Sparta in connection with the fiscal year ended April 30, 2013, Sparta is not aware of any material delinquencies in the filing of such reports.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation

The table below sets forth information concerning the compensation we paid to our Chief Executive Officer and our next two most highly compensated executive officers who served during our fiscal year ended April 30, 2013 ("Named Executive Officers").

Name and Principal Position	Year	Salary ($)(a)	Bonus ($)	Stock Awards ($)(b)	Option Awards ($)(b)	All Other Compensation ($)(c)	Total ($)
Anthony L. Havens	2013	280,000	42,723	0	0	30,498	353,221
Chief Executive Officer	2012	280,000	55,469	0	0	12,267	347,736
Anthony W. Adler	2013	185,000	0	0	0	0	185,000
Executive Vice President and Principal Financial Officer	2012	185,000	0	0	0	0	185,000
Richard P. Trotter	2013	129,167	0	0	0	0	129,167
Chief Operating Officer	2012	150,000	0	0	0	0	150,000

(a) For Mr. Adler includes accrued; unpaid net salary of $120,081 and $102,955 at year end 2013 and 2012, respectively. For Mr. Trotter, includes accrued; unpaid net salary of $95,684 at year end 2013. During fiscal 2012, Mr. Trotter agreed to accept 21,476 shares of common stock in lieu of accrued but unpaid salary in the amount of $64,427 and Mr. Trotter agreed to forgive $100,000 of accrued salary.

(b) Represents the stock-based compensation recognized in accordance with ASC 718. Stock-based awards are valued at the fair value on the grant date using a Black-Scholes model. Assumptions made in the valuation of stock-based awards are discussed in Note K to the consolidated financial statements.

(c) This column reports the total amount of perquisites and other benefits provided, if such total amount exceed $10,000. In fiscal 2013 and 2012, for Mr. Havens, this includes $30,498 for health insurance, garage and storage rental, and $12,267 for garage and storage rental, respectively.

In general, compensation payable to a Named Executive Officer consists of a base salary, a stock or stock option award, and may also include a cash bonus. During our 2013 fiscal year, we had in effect a written employment agreement with the Mr. Havens. Our compensation system has generally not been tied to performance based conditions other than the passage of time.

Employment Agreement with CEO

We entered into an employment agreement, dated as of July 12, 2004, with Anthony L. Havens who serves as our Chief Executive Officer. The agreement was for an initial term of five years, and provided for automatic extensions for one five-year period and for additional one-year periods, unless written notice is given three months prior to the expiration of any such term that the term will not be extended. The agreement was automatically extended for five years in July 2009. His base salary is at an annual rate of $280,000. He is entitled to defer a portion of his base salary each year. He is entitled to annual increases in his base salary and other compensation as may be determined by the Board of Directors. He is entitled to a $1,000,000 term insurance policy. He is entitled to six weeks of paid vacation per year, health insurance, short term and long term disability insurance, retirement benefits, fringe benefits, and other employee benefits on the same basis as is generally made available to other senior executives. He is entitled to reimbursement of reasonable business expenses incurred by him in accordance with company policies. If terminated, he is entitled to three months of severance for up to six months of service for each year of employment, plus full participation in all standard employee benefits during the period of severance payments. The employment agreement provides for termination for cause. If he resigns for good reason or is terminated without cause within twelve months after a change in control, he is entitled to receive an additional lump sum payment equal to the greater of the severance payment or the balance of his base salary for the remaining employment term, continued coverage under any welfare benefits plans for two years, and full vesting of any account balance under a 401(k) plan. For purposes of the employment agreement, a change in control refers to:

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- a change in voting power, due to a person becoming the beneficial owner of 50% or more of the voting power of our securities and our largest stockholder;
- during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors, including later approved directors, ceasing to constitute a majority of the board;
- a merger or consolidation of our company with a third party, after which our stockholders do not own more than 50% of the voting power; or
- a sale of all or substantially all of our assets to a third party.

If we elect not to renew the employment agreement, he shall be entitled to receive severance equal to thirty months of his base salary plus standard employment benefits. If we fail to fully perform all or any portion of our post-termination obligations, we are be obligated to pay to him an amount equal to five times the value of the unperformed obligation.

Outstanding Equity Awards at Fiscal Year End

The following table sets forth information concerning outstanding equity awards held by the Name Executive Officers as at April 30, 2013.

	Option Awards				Stock Awards	
Name	Number of securities underlying unexercised options (#) Exercisable	Number of securities underlying unexercised options (#) Unexercisable	Option exercise price ($)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested ($)
Anthony L. Havens (1)	88,967	-	1.875	5/12/2015	-	-
Anthony W. Adler (2)	32,000	-	14.355	9/21/2014		
Anthony W. Adler (1)	53,267	-	1.875	5/12/2015	-	-
Richard P. Trotter (1)	53,550	-	1.875	5/12/2015	-	-
Richard P. Trotter (3)	2,334	-	45.375	4/29/2014	-	-

(1) Granted pursuant to an option agreement dated May 12, 2011. The options are exercisable, subject to vesting, for a period of five years from the grant date at $1.875 per share.
(2) Granted pursuant to an option agreement dated September 22, 2006. The options are exercisable for a period of five years from the vesting date at $14.355 per share.
(3) Granted pursuant to an option agreement dated April 29, 2005.

Compensation of Directors

In fiscal 2013, non-employee directors received no compensation.

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Securities Authorized for Issuance under Equity Compensation Plans

The following table summarizes our equity compensation plan information as of April 30, 2013.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plan
Equity compensation plans approved by securities holders	57,334	$ 4.57	56,000
Equity compensation plans not approved by security holders	347,000	$ 3.28	n/a
Total	404,334	$ 3.46	56,000

(a) For purposes of the table, does not include shares issued and outstanding pursuant neither to the Company's 2009 Consultant Stock Plan, nor 1,334 shares vested pursuant to a restricted stock grant.

(b) Calculation excludes shares issued pursuant to stock grants.

Plans in the Shareholder Approved Category

In July 2004, we adopted our 2005 Stock Incentive Compensation Plan. The plan authorizes our Board of Directors to grant securities, including stock options, to employees, directors and others, in the aggregate amount of 113,334 shares of common stock. Securities issued under the plan may be stock awards, non-qualified options, incentive stock options, or any combination of the foregoing. In general, stock options granted under the plan have a maximum duration of ten years from the date of the grant and are not transferable. The per share exercise price of any incentive stock option granted under the plan may not be less than the fair market value of the common stock on the date of grant. Incentive stock options granted to persons who have voting control over ten percent or more of our capital stock are granted at 110% of fair market value of the underlying common stock on the date of grant and expire five years after the date of grant. No options may be granted after July 1, 2014. During the year ended April 30, 2013, no options were granted pursuant to the plan. As of April 30, 2013, options to purchase 57,334 shares of common stock were outstanding under the plan.

Plans Not in the Shareholder Approved Category

On November 1, 2004, pursuant to an employment agreement with Richard P. Trotter, our Chief Operating Officer, we granted an award of 1,667 shares of our common stock, subject to vesting and subject to continued employment. As of April 30, 2013, Mr. Trotter was vested with 1,667 shares, of which only 334 shares have been issued to date.

On April 29, 2005, pursuant to an option agreement with Richard Trotter, our Chief Operating Officer, we issued stock options to purchase up to 11,667 shares of our common stock. The stock options are exercisable for five years from the vesting date at $45.375 per share. The options vested in increments of 2,334 options on each of April 29, 2005, 2006, 2007, 2008, and 2009. Options to purchase an aggregate of 9,334 shares have expired.

On September 22, 2006, pursuant to an option agreement with Anthony W. Adler, our Executive Vice President, we issued stock options to purchase up to 53,334 shares of a common stock, exercisable at $14.355 per share until September 22, 2014. Options to purchase 21,334 shares have expired.

On October 23, 2006, pursuant to an option agreement with Jeffrey Bean, one of our directors, we issued stock options to purchase up to 6,667 shares of common stock, exercisable at $9.00 per share until October 23, 2012. All of these options have expired 2013.

On May 20, 2008, we entered into a consulting agreement for financial advisory services with a firm pursuant to which we issued five year warrants to purchase 3,334 shares of common stock exercisable at $8.25per share.

On February 27, 2009, we issued to two consultants five year warrants to purchase an aggregate of 2,667 shares of common stock at $3.75 per share.

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On May 12, 2010, we issued stock options, exercisable at $1.875 per share until May 12, 2015, subject to vesting at the rate of 20% on the grant date, 40% on May 12, 2011, and 40% on May 12, 2012, to the following officers and directors: Anthony Havens, 88,967 options; Kristian Srb, 32,867 options; Richard Trotter, 53,550 options; Jeffrey Bean, 12,750 options; Anthony Adler, 53,267 options; and Sandra Ahman, 41,934 options.

In the fiscal year ended April 30, 2011, we issued to a consultant five year warrants to purchase a total of 23,978 shares of common stock exercisable at $1.275 per share. On November 22, 2011, we issued stock options, exercisable at $0.60 per share until November 22, 2016, subject to vesting at the rate of 20% on the grant date, 40% on November 22, 2012, and 40% on November 22, 2013, to the following directors: Kristian Srb, 13,334 options, and Jeffrey Bean, 13,334 options.

In the fiscal year ended April 30, 2012, we issued four warrants to purchase an aggregate of 43,641 shares of common stock to a consultant valued at $33,007.

In the fiscal year ended April 30, 2013, we issued two warrants to purchase an aggregate of 40,000 shares of common stock to a consultant valued at $33,801.

In May 2009, the Company's Board of Directors authorized a 2009 Consultant Stock Plan covering 133,334 shares of the Company's common stock for purposes of compensation of certain consultants. During fiscal 2012, the Company issued no shares under the plan. During fiscal 2013 the Company issued 61,000 shares under the plan. As of April 30, 2013, 25,083 shares were available for issuance pursuant to the plan.

Common Stock Ownership

The table below sets forth information regarding the beneficial ownership of our common stock as of April 30, 2013 by: each of our directors; each of our executive officers; all of our executive officers and directors as a group; and each person known by us to be the beneficial owner of more than 5% of our common stock.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power. Under SEC rules, a person is deemed to be the beneficial owner of securities which may be acquired by such person upon the exercise of options and warrants or the conversion of convertible securities within 60 days from the date on which beneficial ownership is to be determined. Each beneficial owner's percentage ownership is determined by dividing the number of shares beneficially owned by that person by the base number of outstanding shares, increased to reflect the beneficially-owned shares underlying options, warrants or other convertible securities included in that person's holdings, but not those underlying shares held by any other person.

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Name (a)	Number of Shares Beneficially Owned	Percentage of Class Beneficially Owned
Anthony L. Havens (1)	448,085	3.15%
Kristian Srb (2)	485,977	3.43%
Jeffrey Bean (3)	31,364	0.22%
Anthony W. Adler (4)	143,046	1.01%
Richard P. Trotter (5)	123,471	0.87%
Sandra L. Ahman (6)	49,678	0.35%
Glenn A. Little (7)	3,042,595	18.05%
P.O. Box 1271		
Midland, TX 79702		
Entities controlled by John W. Russell (8)	990,237	6.97%
116A Main Street		
Tiburon, CA 94920		
All current directors and named officers as a group (6 in all)	1,281,621	8.86%

(a) Unless indicated otherwise, the address for each person named in the table is c/o Sparta Commercial Services, Inc., 370 Lexington Avenue, Suite 1901, New York, NY 10017.

(1) Mr. Havens' minor son owns approximately 13,334 shares of common stock in a trust account. Mr. Havens is not the trustee for his son's trust account, and does not have the sole or shared power to vote or direct the vote of such shares. Mr. Havens disclaims beneficial ownership of such shares held in his son's trust account. Includes 88,967 vested options, all exercisable at $1.875 per share until May 12, 2015.

(2) Includes 834 shares of common stock held by Mr. Srb's minor daughter, for which Mr. Srb may be deemed to have beneficial ownership of such shares. Includes 32,867 vested options, all exercisable at $1.875 per share until May 12, 2015. And, 8,000 vested stock options, and 5,333 options subject to vesting on November 22, 2013, all exercisable at $0.60 until November 22, 2016.

(3) Includes 1,333 vested stock options, exercisable at $9.0 per share until October 23, 2013, 1,333 vested stock options, exercisable at $9.0 per share until October 23, 2014, and 12,750 vested options all exercisable at $1.875 per share until May 12, 2015. And, 8,000 vested stock options, and 5,333 options subject to vesting on November 22, 2013, all exercisable at $0.60 until November 22, 2016.

(4) Includes 32,000 vested stock options, exercisable at $14.355 per share until September 22, 2013, and 44,445 shares held by The Anthony W. Adler Irrevocable Trust, dated October 1, 2009. Includes 53,267 vested stock options, exercisable at $1.875 per share until May 12, 2015.

(5) Includes 1,667 vested shares, of which only 334 of such vested shares have been issued to date, 2,333 vested stock options, exercisable at $45.375 per share until April 29, 2014, and 44,445 shares held by The Richard and Kay Trotter Trust Established March 18, 2009. Includes 21,476 shares to be issued to Mr. Trotter in lieu of salary. Includes 53,550 vested stock options, all exercisable at $1.875 per share until May 12, 2015.

(6) Includes 41,993 vested stock options, all exercisable at $1.875 per share until May 12, 2015.

(7) Includes 2,313,343shares subject to conversion of convertible notes held by Mr. Little which are convertible to the option of the holder.

(8) Includes 33,333 vested warrants exercisable at $0.8475 per share, 11,111 expiring June 15, 2016 and 22,222 expiring June 21, 2016. Includes 43,556 shares subject to conversion of convertible preferred shares of Specialty Reports, Inc. held by the entities and convertible at the option of the holder

Changes in Control

Other than outstanding convertible securities, we do not have any arrangements that may result in a change in control.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

During the fiscal years ended April 30, 2013 and 2012, we received non-interest bearing demand loans in the aggregate amount of $7,000 and none respectively, from Kristian Srb, one of our directors of which $500 was repaid. As of April 30, 2013, we owed Mr. Srb $379,500.

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On October 31, 2008, the Company purchased certain loans secured by a portfolio of all American Motorcycle Leasing Corp's motorcycle leases for a total purchase price of $100,000. At April 30, 2012 and 2013, included in accounts receivable, are $10,189 and zero, respectively, due from American Motorcycle Leasing Corp. The account was written-off in fiscal 2013 as American Motorcycle Leasing had ceased operations. From time to time, we had engaged in certain transactions with American Motorcycle Leasing Corp . We believe that the terms of all of the above transactions are commercially reasonable and no less favorable to us than we could have obtained from an unaffiliated third party on an arm's length basis. Our policy requires that all related parties recuse themselves from negotiating and voting on behalf of our company in connection with related party transactions.

Director Independence

None of our directors, other than Kristian Srb and Jeffrey Bean, is deemed an independent director. For purposes of determining independence, we are applying the independence standards of the NASDAQ Stock Market LLC.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

Fees for audit services provided by RBSM LLP, our principal independent registered public accounting firm, during the fiscal years ended April 30, 2013 and 2012 were $102,000 and $100,572, respectively. Audit fees consist of the aggregate fees billed for the audits of our annual financial statements, the reviews of our quarterly financial statements, and services that are normally provided in connection with statutory and regulatory filings or engagements for those fiscal years.

Audit-Related Fees

Fees for audit-related services provided by our principal independent registered public accounting firm during the fiscal years ended April 30, 2013 and 2012 were $0. Audit-related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements outside of those fees disclosed above under the caption Audit Fees.

Tax Fees

Fees for tax services provided by our principal independent registered public accounting firm during the fiscal years ended April 30, 2013 and 2012 were $0. Tax fees consist of fees billed for tax compliance, tax advice, and tax planning.

All Other Fees

There were no other fees billed for services our principal independent registered public accounting firm for the fiscal years ended April 30, 2013 and 2012.

Pre-Approval Policies and Procedures

Our Board of Directors has a policy that requires pre-approval of all audit, audit-related, tax services, and other services, including non-audit services, performed by our independent registered public accounting firm. All services performed by our principal independent registered public accounting firm, and all fees paid, in our fiscal years ended April 30, 2013 and 2012 were pre-approved. The Board of Directors is responsible for matters typically performed by an audit committee. We do not presently have a separate audit committee of the Board of Directors. The Board of

Directors considered whether, and determined that, the auditor's provision of audit and non-audit services was compatible with maintaining the auditor's independence.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) List of documents filed as a part of this report:

(1) Index to Consolidated Financial Statements

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(2) Index to Financial Statement Schedules

Not required.

(3) Index to Exhibits

Exhibit Number	Description of Exhibit
3(i)(1)	Articles of Incorporation of Tomahawk Oil and Minerals, Inc. (Incorporated by reference to Exhibit 3(i) (1) of Form 10-KSB filed on August 13, 2004)
3(i)(2)	Certificate of Amendment of Articles of Incorporation, November 1983 (Incorporated by reference to Exhibit 3(i) (2) of Form 10-KSB filed on August 13, 2004)
3(i)(3)	Certificate of Amendment of Articles of Incorporation for name change, August 2004 (Incorporated by reference to Exhibit 3(i) of Form 8-K filed on August 27, 2004)
3(i)(4)	Certificate of Amendment of Articles of Incorporation for increase in authorized capital, September 2004 (Incorporated by reference to Exhibit 3(i) of Form 8-K filed on September 17, 2004)
3(i)(5)	Certificate of Amendment of Articles of Incorporation for decrease in authorized capital, December 2004 (Incorporated by reference to Exhibit 3(i) of Form 8-K filed on December 23, 2004)
3(i)(6)	Certificate of Designation for Series A Redeemable Preferred Stock, December 2004 (Incorporated by reference to Exhibit 3(i) of Form 8-K filed on January 4, 2005)
3(i)(7)	Certificate of Designation for Series B Preferred Stock (Incorporated by reference to Exhibit B to Preferred Stock Purchase Agreement, dated as of July 29, 2009 (see Exhibit 10.21 below)
3(i)(8)	Certificate of Amendment of Articles of Incorporation for increase in authorized capital, September 21, 2009 (Incorporated by reference to Exhibit 3(i)(8) of Form S-1 filed on October 2, 2010)
3(i)(9)	Certificate of Designations of Series C Convertible Preferred Stock (Incorporated by reference to Exhibit 5.03(i) of Form 8-K filed on November 19, 2009)
3(ii)(1)	By-laws (Incorporated by reference to Exhibit 3(ii) (1) of Form 10-KSB filed on August 13, 2004)
3(ii)(2)	By-laws Resolution (Incorporated by reference to Exhibit 3(ii) (2) of Form 10-KSB filed on August 13, 2004)
3(ii)(3)	Board of Directors Resolutions amending By-laws (Incorporated by reference to Exhibit 3(ii) of Form 10-QSB filed on December 15, 2004)
10.1	Lease for office facilities (Incorporated by reference to Exhibit 10 of Form 10-QSB filed on December 15, 2004)
10.2+	Form of Employment Agreement with Anthony Havens (Incorporated by reference to Exhibit 10.4 of Form 10-KSB filed on August 13, 2004)
10.3+	Employment Agreement with Richard Trotter (Incorporated by reference to Exhibit 10 of Form 8-K filed on October 29, 2004)
10.4+	Option Agreement with Richard Trotter (Incorporated by reference to Exhibit 10.1 of Form 8-K filed on May 5, 2005)
10.5+	Employment Agreement with Anthony W. Adler (Incorporated by reference to Exhibit 10.1 of Form 8-K filed on October 2, 2006)
10.6+	Stock Option Agreement with Jeffrey Bean, dated October 23, 2006 (Incorporated by reference to Exhibit 10.1 of Form 8-K filed on October 24, 2006)
10.7+	

	2005 Stock Incentive Compensation Plan (Incorporated by reference to Exhibit 4 of Form 10-KSB filed on August 13, 2004)
10.8	2010 Consultant Stock Plan (Incorporated by reference to Exhibit 99.1 of Form S-8 filed on May 12, 2010)
10.9	Master Loan and Security Agreement - Motor Vehicles (Incorporated by reference to Exhibit 10.1 of Form 8-K filed on July 28, 2005)
10.10	Master Loan and Security Agreement (Installment Sale Contract) (Incorporated by reference to Exhibit 10.2 of Form 8-K filed on July 28, 2005
10.11	Form of Loan Agreement, December 2005 (Incorporated by reference to Exhibit 10.1 of Form 10-QSB filed on March 22, 2006)

10.12	Form of Promissory Note (Incorporated by reference to Exhibit 10.3 of Form 10-QSB filed on December 18, 2006)
10.13	Form of Promissory Note (Incorporated by reference to Exhibit 10.4 of Form 10-QSB filed on December 18, 2006)
10.14	Form of Convertible Debenture (Incorporated by reference to Exhibit 10.1 of Form 10-QSB filed on December 21, 2007)
10.15	Preferred Stock Purchase Agreement, dated as of July 29, 2009, by and among Sparta Commercial Services, Inc. and Optimus Capital Partners, LLC (Incorporated by reference to Exhibit 10.1 of Form 8-K filed on July 30, 2009)
10.16	Motorcycle Lease Warehousing Master Lease Funding Agreement dated September 28, 2010 between registrant and Vion Operations LLC (Incorporated by reference to Exhibit 10 of Form 8-K filed on September 29, 2010)
10.17	Motorcycle Lease Warehousing Master Services Agreement dated September 28, 2010 between registrant and Vion Operations LLC (Incorporated by reference to Exhibit 10.2 of Form 8-K filed on September 29, 2010)
11	Statement re: computation of per share earnings is hereby incorporated by reference to Part II, Item 8 of this report
14.1	Code of Ethics (Incorporated by reference to Exhibit 14.1 of Form 10-K filed on August 15, 2012)
21.1*	List of Subsidiaries
23.1*	Consent of RBSM LLP
31.1*	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a)
31.2*	Certification of Principal Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a)
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

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* Filed herewith.
+ Represents executive compensation plan or agreement

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SPARTA COMMERCIAL SERVICES, INC.

By: /s/ Anthony L. Havens
Anthony L. Havens
Chief Executive Officer

Date: August 13, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

By: /s/ Anthony L. Havens
Anthony L. Havens
Chief Executive Officer,
President
and Chairman of the Board

Date: August 13, 2013

By: /s/ Anthony W. Adler
Anthony W. Adler
Executive Vice President, and
Interim Principal Financial
Officer

Date: August 13, 2013

By: /s/ Sandra L. Ahman
Sandra L. Ahman
Vice President and Director

Date: August 13, 2013

By: /s/ Kristian Srb
Kristian Srb
Director

Date: August 13, 2013

By: /s/ Jeffrey Bean
Jeffrey Bean
Director

Date: August 13, 2013

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