UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended January 31, 2013

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

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)	(IRS Employer Identification No.)

370 Lexington Avenue, Suite 1901, New York, NY 10017
(Address of principal executive offices) (Zip Code)

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

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 preceding 12 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "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

As of March 20, 2013, we had 13,161,915 shares of common stock issued and outstanding.

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SPARTA COMMERCIAL SERVICES, INC.

FORM 10-Q

FOR THE QUARTER ENDED JANUARY 31, 2013

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SPARTA COMMERCIAL SERVICES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

	January 31, 2013 UNAUDITED	April 30, 2012
ASSETS		
Cash and cash equivalents	$ 24,903	$ 19,138
RISC loan receivables, net of reserve of $811 and $15,276, respectively (NOTE D)	10,774	290,235
Motorcycles and other vehicles under operating leases net of accumulated depreciation of $39,911 and $120,151 respectively, and loss reserve of $6,464 and $10,498, respectively (NOTE B)	119,265	243,284
Interest receivable	-	3,807
Accounts receivable	245,648	162,350
Inventory (NOTE C)	3,175	25,885
Property and equipment, net of accumulated depreciation and amortization of $193,568 and $187,842, respectively (NOTE E)	15,773	21,499
Goodwill	10,000	10,000
Restricted cash	-	54,937
Other assets	40,165	9,628
Deposits	40,568	48,967
Total assets	$ 510,271	$ 889,730
LIABILITIES AND DEFICIT		
Liabilities:		
Accounts payable and accrued expenses	$ 1,429,369	$ 1,267,160
Senior secured notes payable (NOTE F)	181,527	516,012
Notes payable net of beneficial conversion feature of $261,867 and $33,979, respectively (NOTE G)	1,731,137	1,791,692
Loans payable-related parties (NOTE H)	393,260	386,760
Derivative liabilities	381,899	374,697
Total liabilities	4,117,192	4,336,321
Deficit:		
Preferred stock, $.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, $.001 par value; 740,000,000 shares authorized, 12,234,962 and 8,668,123 shares issued and outstanding, respectively	12,235	8,668

Common stock to be issued, 510,930, and 1,125,099 respectively	511	1,125
Preferred stock B to be issued, 49.01 and 41.09 shares, respectively	-	-
Additional paid-in-capital	37,796,170	35,209,835
Subscriptions receivable	(2,118,309)	(2,118,309)
Accumulated deficit	(40,047,271)	(37,265,135)
Total deficiency in stockholders' equity	(4,342,594)	(4,149,745)
Noncontrolling interest	735,673	703,154
Total Deficit	(3,606,921)	(3,446,592)
Total Liabilities and Deficit	$ 510,271	$ 889,730

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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SPARTA COMMERCIAL SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF LOSSES
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2013 AND 2012
(UNAUDITED)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2013	2012	2013	2012
Revenue				
Rental income, leases	$23,573	$36,818	$85,537	$99,128
Interest income, loans	7,223	21,206	23,675	87,278
Information technology	86,878	67,652	297,918	203,070
Other	19,617	14,202	126,362	49,737
Total Revenues	137,291	139,878	533,492	439,213
Operating expenses:				
General and administrative	561,095	552,785	2,131,264	1,923,278
Depreciation and amortization	14,603	20,794	48,341	57,513
Total operating expenses	575,698	573,579	2,179,605	1,980,791
Loss from operations	(438,407)	(433,701)	(1,646,113)	(1,541,578)
Other (income) expense:				
Interest expense and financing cost, net	63,688	165,385	264,364	372,635
Non-cash financing costs	17,239	19,794	213,684	98,437
Amortization of debt discount	205,577	33,945	585,276	97,222
Loss (gain) in changes in fair value of derivative liability	88,995	(36,915)	(24,111)	(515,199)
Total Finance Related Expenses	375,497	182,209	1,039,213	53,095
Net loss	(813,904)	(615,910)	(2,685,326)	(1,594,672)
Net loss attributed to noncontrolling interest	12,711	2,236	22,481	20,945
Preferred dividend	(39,764)	(39,776)	(119,291)	(119,291)
Net loss attributed to common stockholders	$(840,959)	$(653,450)	$(2,782,136)	$(1,693,018)
Basic and diluted loss per share	$(0.07)	$(0.08)	$(0.26)	$(0.22)
Basic and diluted loss per share attributed to common stockholders	$(0.07)	$(0.08)	$(0.26)	$(0.23)
Weighted average shares outstanding	11,578,580	7,827,927	10,527,195	7,264,226

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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SPARTA COMMERCIAL SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED JANUARY 31, 2013
UNAUDITED

	Series A Preferred Stock Shares	Amount	Series B Preferred Stock Shares	Amount	Common Stock Shares	Amount	Common Stock to be issued Shares	Amount	Subscriptions Receivable	Additional Paid In Capital	A D
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)		(466)	
Preferred dividend to be issued										118,706	
Derivative liability reclassification										776,851	
Sale of common stock					1,467,670	1,467	(77,430)	(77)		621,260	
Shares issued for financing cost and accounts payable					269,320	270	(90)	-		208,415	
Shares issued for conversion of notes and interest					1,339,430	1,340	(526,750)	(527)		352,973	
Stock compensation					476,520	476				335,256	
Purchase of assets for stock					8,899	9	(8,899)	(9)			
Employee options expense										173,340	
Sale of subsidiary's preferred stock											
Net loss											
Balance January 31, 2013	125	$12,500	157	$1,570	12,234,962	$12,235	510,930	$511	$(2,118,309)	$37,796,170	$

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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SPARTA COMMERCIAL SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED JANUARY 31, 2013 AND 2012
(UNAUDITED)

	Nine Months Ended January 31 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$(2,782,136)	$(1,693,018)
Adjustments to reconcile net loss to net cash used in operating activities:		
Adjustment for reverse split	(462)	-
Dividend on preferred stock	118,706	118,693
Loss allocable to non-controlling interest	(22,481)	(20,945)
Depreciation and amortization	48,341	69,211
Reduction in allowance for loss reserves	(18,499)	(21,143)
Change in fair value of derivative liabilities	(24,111)	(297,385)
Change in equity of subsidiary		1,129
Amortization of debt discount	585,276	(130,040)
Shares issued for debt and finance cost	208,684	144,764
Shares issued upon conversion of debt and interest	107,244	
Equity based compensation	509,072	277,990
(Increase) decrease in operating assets:		
Inventory	22,710	(849)
Interest receivable	-	(1,106)
Accounts receivable	(83,298)	(43,896)
Prepaid expenses and other assets	37,827	(9,355)
Restricted cash	54,937	4,390
Portfolio		17,059
Increase (decrease) in operating liabilities:		
Deferred revenue/expense		138,405
Accounts payable and accrued expenses	100,922	418,501
Net cash used in operating activities	(1,137,268)	(1,027,596)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchase) liquidation of leased vehicles	90,566	(84,468)
Net liquidation of RISC contracts	293,926	459,338
(Purchase) of equipment	-	(6,082)
Net cash provided by investing activities	384,492	368,789
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from sale of subsidiary stock	55,000	270,455
Net proceeds from sale of common stock	622,650	143,050
Net payments to senior lender	(334,485)	(318,114)
Net proceeds from convertible notes	436,000	547,865
Net payments on notes payable	(27,125)	18,000
Net loan proceeds from other related parties	6,500	-
Net cash provided by financing activities	758,540	661,256
Net Increase in cash	$5,764	$2,449

Unrestricted cash and cash equivalents, beginning of period	$19,138	$10,786
Unrestricted cash and cash equivalents , end of period	$24,902	$13,235
Cash paid for:		
Interest	$65,954	$91,888
Income taxes	$3,331	$3,059

Non cash investing and financing activities (Note M)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2013

NOTE A – SUMMARY OF ACCOUNTING POLICIES

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

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements as of January 31, 2013 and for the three and nine month periods ended January 31, 2013 and 2012 have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission, including Form 10-Q and Regulation S-K. The information furnished herein reflects all adjustments (consisting of normal recurring accruals and adjustments), which are, in the opinion of management, necessary to fairly present the operating results for the respective periods. Certain information and footnote disclosures normally present in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations. The Company believes that the disclosures provided are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the audited financial statements and explanatory notes for the year ended April 30, 2012 as disclosed in the Company's Form 10-K for that year as filed with the Securities and Exchange Commission.

Since May 2010, Sparta Commercial Services, Inc. ("Sparta" "we," "us," or the "Company") has concentrated its efforts or developing and marketing vehicle history reports, over the internet, and mobile apps for vehicle dealers and other market segments. Prior to that time, the Company had been in the business as an originator and indirect lender for retail installment loan and 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). The Company continues to offer a leasing program for municipalities.

The results of operations for the three and nine months ended January 31, 2013 are not necessarily indicative of the results to be expected for any other interim period or the full year ending April 30, 2013.

New Accounting Requirements and Disclosures

There were 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 unaudited condensed consolidated financial position, results of operations or cash flows.

Estimates

The preparation of the 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.

Revenue Recognition

The Company's 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 Company’s 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. Direct financing leases are recorded at the gross amount of the lease receivable (principal amount of the contract plus the calculated earned income over the life of the contract), and the unearned income at lease inception is amortized over the lease term.

The Company’s Retail Installment Sales Contracts (“RISC”) are accounted for as loans. Upon purchase, the RISCs appear on the Company’s balance sheet as RISC loan receivable current and long term. Interest income on these loans is recognized when it is earned.

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2013

The Company realizes 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 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, the Company receives the proceeds from either the resale or release of the repossessed motorcycle, or the payment by the lessee's insurer. The Company records a gain or loss for the difference between the proceeds received and the net book value of the motorcycle.

The sales of the vehicle history reports and dealer mobile applications by the Company's subsidiary, SRI, are recognized on a cash basis.

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 740 also 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 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, 2012 or the three months or nine months ended January 31, 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:

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SPARTA COMMERCIAL SERVICES, INC.
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· 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.

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 January 31, 2013 and April 30, 2012, the Company has no items of other comprehensive income.

Segment Information

The Company does not have separate, reportable segments under 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 interim 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 segment.

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 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2013

Concentrations of Credit Risk

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk, consist primarily of cash, cash equivalents and receivables. The Company places its cash and temporary cash investments with high credit quality institutions. At times, such investments may be in excess of the FDIC insurance limit.

Allowance for Losses

The Company has loss reserves for its portfolio of Leases and for its portfolio of Retail Installment Sales Contracts ("RISC"). The allowance for Lease and RISC losses is increased by charges against earnings and decreased by charge-offs (net of recoveries). To the extent actual credit losses exceed these reserves, a bad debt provision is recorded; and to the extent credit losses are less than the reserve, additions to the reserve are reduced or discontinued until the loss reserve is in line with the Company's reserve ratio policy. Management's periodic evaluation of the adequacy of the allowance is based on the Company's past lease and RISC experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral and current economic conditions. The Company periodically reviews its Lease and RISC receivables in determining its allowance for doubtful accounts.

The Company charges-off receivables when an individual account has become more than 120 days contractually delinquent. In the event of repossession, the asset is immediately sent to auction or held for release.

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 three months ended January 31, 2013 and January 31, 2012, the Company incurred $2,000 and $2,812 in advertising costs, respectively. During the nine months ended January 31, 2013 and January 31, 2012, the Company incurred $5,000 and $11,900 in advertising costs, 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.

Per share basic and diluted net loss attributable to common stockholders amounted to $0.07 and $0.08 for the three months ended January 31, 2013 and 2012, respectively, and $0.26 and $0.22 for the nine months ended January 31, 2013 and 2012, respectively. At January 31, 2013 and 2012, 4,427,053 and 3,036,512 potential shares, respectively, were excluded from the shares used to calculate diluted earnings per share as their inclusion would reduce net loss per share.

Liquidity

As shown in the accompanying unaudited condensed consolidated financial statements, the Company has incurred a net loss of $2,782,136 and $1,693,018 during the nine months ended January 31, 2013, and January 31, 2012, respectively and $2,150,333 for the year end April 30, 2012. The Company had a negative net worth of $3,606,921 at January 31, 2013.

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SPARTA COMMERCIAL SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2013

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 were 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 unaudited condensed consolidated financial position, results of operations or cash flows.

NOTE B – MOTORCYCLES AND OTHER VEHICLES UNDER OPERATING LEASES

Motorcycles and other vehicles under operating leases at January 31, 2013 and April 30, 2012 consist of the following:

	January 31, 2013	April 30, 2012
Motorcycles and other vehicles	$ 165,640	$ 373,933
Less: accumulated depreciation	(39,911)	(120,151)
Motorcycles and other vehicles, net of accumulated depreciation	125,729	253,782
Less: estimated reserve for residual values	(6,464)	(10,498)
Motorcycles and other vehicles under operating leases, net	$ 119,265	$ 243,284

Depreciation expense for vehicles for the three and nine months ended January 31, 2013 was $13,054 and $42,615, respectively. Depreciation expense for vehicles for the three and nine months ended January 31, 2012 was $17,920 and $48,665, respectively.

NOTE C – 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 (wholesale), applied on a specific identification basis. At January 31, 2013, the Company's inventory of repossessed or returned vehicles valued at market (wholesale) was $3,175, which will be resold.

NOTE D – RETAIL (RISC) LOAN RECEIVABLES

In August 2012, the Company sold the majority of its RISC loan receivables and used the proceeds to pay off the associated bank debt. The Company is servicing the sold loans. The remaining RISC loan receivables, which are carried at cost, were $11,585 and $305,511 at January 31, 2013 and April 30, 2012, respectively, including deficiency receivables of $4,304 and $21,513, respectively. All of the RISC loan receivables are due during the next twelve months. Certain of the assets are pledged as collateral for the note described in Note F.

We consider our portfolio of retail (RISC) loan receivables to be homogenous and consist of a single segment and class. Consequently we analyze credit performance primarily in the aggregate rather than stratification by any particular credit quality indicator.

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SPARTA COMMERCIAL SERVICES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2013

We consider an RISC contract delinquent when an obligor fails to make a contractually due payment by the following due date, which date may have been extended within limits specified in the servicing agreements. The period of delinquency is based on the number of days payments are contractually past due. Contracts less than 31 days delinquent are not included. The following table summarizes the delinquency status of finance receivables as of January 31, 2013 and April 30, 2012:

	January 31, 2013	April 30, 2012
Delinquency Status		
Current	$ 3,318	$ 273,204
31-60 days past due	1,415	1,680
61-90 days past due	2,200	3,628
91-120 days past due	348	5,486
	7,281	283,998
Paying deficiency receivables*	4,304	21,513
	$ 11,585	$ 305,511

* Paying deficiency are receivables resulting from RISC contract terminations which were terminated for less than the required termination amount and on which the customer is making payments pursuant to written or oral agreements with the Company. The Company's policy is to write-off any deficiency receivable over 120 days old and on which the customer has not made any payments in the last 120 days.

RISC receivables totaling $13,947 and $22,065 at January 31, 2013 and April 30, 2012, respectively, have been placed on non-accrual status because of their bankruptcy status.

The following table presents a summary of the activity for the allowance for credit losses, for the nine months and year ended January 31, 2013 and April 30, 2012, respectively:

Allowance for credit losses	January 31, 2013	April 30, 2012
Balance at beginning of year	$ 15,276	$ 45,015
Provision for credit losses	12,021	32,922
Charge-offs	(26,486)	(62,661)
Recoveries*		
Balance at end of period	$ 811	$ 15,276

*Excluded from RISC receivables are contracts that were previously classified as RISC receivables but were reclassified as inventory because we have repossessed the vehicles securing the RISC Contracts. The following table presents a summary of such repossessed inventory together with the allowance for losses in repossessed inventory that is included in the allowance for credit losses:

Inventory of repossessed vehicles	January 31, 2013	April 30, 2012
	$ 12,546	$ 31,833

Gross balance of repossessions in inventory				
Allowance for losses on repossessed inventory		(9,371)		(5,948)
Net repossessed inventory	$	3,175	$	25,885

· The rough wholesale value of inventory at January 31, 2013 was $3,175.

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NOTE E – PROPERTY AND EQUIPMENT

Major classes of property and equipment at January 31, 2013 and April 30, 2012 consist of the followings:

		January 31, 2013		April 30, 2012
Computer equipment, software and furniture	$	209,341	$	209,341
Less: accumulated depreciation and amortization		(193,568)		(187,842)
Net property and equipment	$	15,773	$	21,499

Depreciation and amortization expense for property and equipment was for the three months and nine months ended January 31, 2013 were $1,549 and $5,726, respectively, and $11,116 for the year ended April 30, 2012. Depreciation and amortization expense for the three and nine months ended January 31, 2012 were $2,874 and $8,848, respectively.

NOTE F – NOTES PAYABLE TO SENIOR LENDERS

		January 31, 2013		April 30, 2012
Senior secured institutional lender (a)	$	-	$	288,815
Secured, subordinated, individual lender (b)		166,228		208,561
Secured, subordinated, individual lender (c)		15,299		18,636
Total	$	181,527	$	516,012

a) Historically, the Company had financed certain of its RISC's and leases through a third party. The repayment terms were generally one year to five years and the notes are secured by the underlying assets. In August 2012, the Company sold the majority of its RISC loan receivables and a portion of its leases and used the proceeds to pay off the associated bank debt. The Company is servicing the sold loans.

b) From July 2012 through January 2013, the Company borrowed $166,228, net of repayments, from an investor and collateralized the loan with certain unpledged leases.

c) 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. 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 note 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 note holder. The Company was obligated to pay any remainder of the Senior Secured Note by November 1, 2009 and has granted the note holder a security interest in the Purchased Portfolio. On January 11, 2011, the lender converted $50,000 of the note into 60,606 shares of the Company's common stock. The due date of the note has been extended to October 31, 2013. Once the Company has paid $100,000 (reduced from $150,000 due to the conversion) to the lender from Purchased Portfolio proceeds, the Company is obligated to pay fifty percent of all net proceeds from Purchased Portfolio lease payments and motorcycle asset sales until the Company and the lender mutually agree the Purchase Portfolio has no remaining proceeds.

At January 31, 2013, the senior notes payable mature as follows:

12 Months Ended January 31,	Amount
2014	$ 108,201
2015	73,326
2016	-
	$ 181,527

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NOTE G – NOTES PAYABLE

	January 31, 2013	April 30, 2012
Notes convertible at holder's option (a)	$ 1,603,004	$ 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)	30,000	55,000
Subtotal	1,993,004	1,825,671
Less, Debt discount	(261,867)	(33,979)
Total	$ 1,731,137	$ 1,791,692

During the year ended April 30, 2012, the Company renegotiated the terms and conditions of the majority of its notes outstanding and has reclassified and consolidated those notes as indicated in the above table.

(a) Notes convertible at holder's option consists of: (i) a $1,075,105, 8% note originally due April 30, 2013, but subsequently amended to such time as the law suit filed by the Company (see: PART II, ITEM 1 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 is being fully amortized over the initial term of the note ; (ii) a $32,500 8% note due June 19, 2013, a $37,500 8% note due September 5, 2013, and a $25,000 8% note due October 17, 2013. The Company has recorded beneficial conversion discounts of $23,535, $27,156, and $18,104, 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 I). The Company has reserved up to 1,488,232 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 # of 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 $0.37 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; and (vii) a 55,000, 5% convertible note due August 10, 2013. This lender has committed to lend up to $165,000 (one hundred sixty five thousand). The Lender initially advanced $50,000 against the $165,000. 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. The Company has recorded a $23,572 beneficial conversion discount for this note. The discount is being fully amortized over the initial term of the note. During the nine month period ending January 31, 2013, 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, 2013. 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.

Amortization of Beneficial Conversion Feature for the three and nine months ended January 31, 2013 was $205,577 and $585,276, 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 January 31, 2013 was calculated with the following average assumptions, using a Black-Scholes option pricing model are as follows:

Significant Assumptions:	
Risk free interest rate	0.49%
Expected stock price volatility	190%
Expected dividend payout	0
Expected options life in years(a)	2.77

The change in fair value of the derivative liabilities of convertible notes outstanding at January 31, 2013 was calculated with the following average assumptions , using a Black-Scholes option pricing model are as follows:

Significant Assumptions:	
Risk free interest rate	0.12%

Expected stock price volatility	190%
Expected dividend payout	0
Expected options life in years(a)	0.56

NOTE H –RELATED PARTIES TRANSACTIONS

As of January 31, 2013 and April 30, 2012, aggregated loans payable, without demand and with no interest, to officers and directors were $393,260 and $386,760, respectively. At January 31, 2013 and April 30, 2012, included in accounts receivable, are $0 and $10,190, respectively, due from American Motorcycle Leasing Corp., a company controlled by a director and formerly controlled by the Company's Chief Executive Officer.

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NOTE I – EQUITY TRANSACTIONS

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 stated 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 January 31, 2013 and April 30, 2012, respectively. The Company had 157 and 157 shares of Series B preferred stock issued and outstanding as of January 31, 2013 and April 30, 2012, respectively. The Company had no shares of Series C preferred stock issued and outstanding as of January 31, 2013 and April 30, 2012, respectively. The Company has 12,234,962 and 8,668,123 shares of common stock issued and outstanding as of January 31, 2013 and April 30, 2012, respectively.

Preferred Stock Series A

No shares of Preferred Stock Series A were issued during the nine months ended January 31, 2013. However, $573 preferred stock dividends, payable in Preferred Stock Series A shares, were declared during the nine months ended January 31, 2013.

Preferred Stock Series B

No shares of Preferred Stock Series B were issued during the nine months ended January 31, 2013. However, $118,718 preferred stock dividends, payable in Preferred Stock Series B shares, were declared during nine months ended January 31, 2013.

Preferred Stock Series C

No shares of Preferred Stock Series C were issued during the nine months ended January 31, 2013.

Common Stock

During the nine months ended January 31, 2013 and the nine months ended January 31, 2012, the Company expensed $509,072 and $277,990 , respectively, for non-cash charges related to stock and option compensation expense.

During the nine months ended January 31, 2013, the Company:

- issued 829,459 shares of common stock which had been classified as to be issued at April 30, 2012,
- sold 1,390,240 shares of common stock to eighteen accredited investors for $622,650,
- issued 812,680 shares of common stock upon the conversion of $353,785 principal amount of convertible notes and accrued interest thereon,
- issued 269,230 shares of common stock valued at $208,685 pursuant to terms of various notes and accounts payable,
- issued 476,520 shares of common stock valued at $335,732 pursuant to consulting agreements, included in the $509,072 above, and

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

NOTE J – NONCONTROLLING INTEREST

In May 2010, the Company formed Specialty Reports, Inc., a Nevada Corporation (“SRI”), for the purpose of acquiring all of the assets of Cyclechex, LLC, a Florida limited liability company. Cyclechex, LLC’s sole business was an e-commerce business which acquired the relevant motorcycle data and sold the data in the form of Cyclechex Motorcycle History Reports© over the internet to consumers and dealers. As part of the transaction, the Company issued 24% of SRI common stock, valued at $10,000, to the sole owner of Cyclechex, LLC. In January 2013, the Company purchased, for a nominal amount, 140,000 (14%) shares of SRI common stock bringing the Company’s ownership to ninety percent.

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During the nine months ended January 31, 2013, SRI sold 11 shares of its Series C Preferred stock to four qualified 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 Specialty Reports at any time after one year. Each share is convertible at the holder's option at any time into either 1,000 shares of Specialty Reports, Inc. common stock or 2,000 shares of Sparta Commercial Services common stock

For the nine months ended January 31, 2013, the non-controlling interest is summarized as follows:

	Amount
Balance at April 30, 2012	$ 703,154
Issuance of Series A Preferred Stock	-
Issuance of Series B Preferred Stock	-
Issuance of Series C Preferred Stock	55,000
Non-controlling interest's share of losses	(22,481)
Balance at January 31, 2013	$ 735,673

NOTE K – 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.

The table below summarizes the fair values of our financial liabilities as of January 31, 2013:

	Fair Value at January 31, 2013	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Derivative liability	$ 381,899	$ -	$ -	$ 381,899

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.

The Company did not identify any other non-recurring assets and liabilities that are required to be presented in the balance sheets at fair value in accordance with ASC Topic 825.

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Changes in Derivative liability during the nine months ended January 31, 2013 were:

		April 30, 2012		Increased During Period		Decrease in Fair Value		January 31, 2013
Derivative liability	$	374,697	$	340,800	$	333,598		381,899
Total	$	374,697	$	340,800	$	333,598	$	381,899

$16,909 of derivative liability was written off during the period.

NOTE L – BUSINESS SEGMENTS AND GEOGRAPHIC INFORMATION

The Company's reportable operating segments are strategic businesses differentiated by the nature of their products, activities and customers and are described as follow:

Specialty Reports, Inc. (SRI), the Company's Information Technology segment, is engaged in the developing and marketing over the internet of vehicle history reports for use by buyers and sellers of motorcycles, recreational vehicles (RV) and automobiles. Additionally, SRI develops custom and semi-custom mobile applications (mobile apps) for motorcycle , RV, and automotive dealers branded as Specialty Mobile Apps, and mobile apps for other markets under the iMobile App brand.

Sparta Commercial Services, (SCS), the Company's Financial Services segment, is engaged in the marketing and financing, on a pass through basis, of vehicle and equipment leases for municipalities. Prior to 2010, SCS had been actively engaged in consumer financing of motorcycles.

The measurement of losses and assets of the reportable segments is based on the same accounting principles applied in the unaudited condensed consolidated financial statements.

	Three Months Ended January 31,				Nine Months Ended January 31,			
		2013		2012		2013		2012
Revenues:								
SRI	$	86,878	$	67,562	$	297,918	$	203,070
SCS		50,413		72,226		235,574		236,143
Total Revenues	$	137,291	$	139,878	$	533,492	$	439,213
Cost of Sales:								
SRI	$	41,931	$	18,000	$	110,493	$	66,610
SCS		n/a		n/a		n/a		n/a
Total Cost of Sales	$	41,931	$	18,000	$	110,493	$	66,610

Gross Profit:								
SRI	$	44,947	$	49,652	$	187,425	$	136,460
SCS		50,413		72,226		235,574		236,143
Total Gross Profit	$	95,360	$	121,878	$	422,999	$	372,603

All of the Company’s assets as of January 31, 2013 and 2012 were attributable to U.S. operations. SRI commenced operations in May 2010 and is 90% owned by the Company. There is no significant geographical concentration of the Company’s revenues within the United States. The Company’s revenues from outside of the United States are less than one percent.

SPARTA COMMERCIAL SERVICES, INC.
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NOTE M – NON-CASH FINANCIAL INFORMATION

During the nine months ended January 31, 2013, the Company:

Classified $834,285 as original debt discount on convertible notes payable and amortized $606,397 of debt discount during the period.
Issued 812,680 shares of common stock upon the conversion of $241,542 principal amount of convertible notes and $107,243 of accrued interest there on.
Issued 269,230 shares of common stock valued at $208,685 pursuant to the terms of the notes.
Issued 829,459 shares of common stock which had been classified as to be issued at April 30, 2012.

NOTE N – SUBSEQUENT EVENTS

In February and March 2013, the Company

- Sold to five accredited investors, 321,972 shares of common stock for $86,905.
- Borrowed from an institutional investor, $20,000 at 8% due November 11, 2013, convertible at the note holder's option at a variable conversion price such that during the period during which the note is outstanding, the note is 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"). The Company has reserved up to 1,488,232 shares of its common stock for conversion pursuant to the terms of the note and two other notes outstanding to this investor aggregating $62,500. The Company has recorded a $14,486 beneficial conversion discount for this note. The discount is being fully amortized over the initial term of the note
- 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. The Company has recorded a $23,572 beneficial conversion discount for this note. The discount is being fully amortized over the initial term of the note.
- Issued 207,103 shares of common stock which had been listed as to be issued at January 31, 2013.
- Issued 39,159 shares of common stock valued at $18,587 pursuant to terms of the notes.
- Issued 56,000 shares of common stock valued at $21,930 to three consultants.
- Issued 40,000 shares valued at $13,200 for legal services.
- Issued 236,705 shares for conversion of $91,881 on notes and accrued interest thereon.

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NOTE O – GOING CONCERN MATTERS

The accompanying unaudited condensed 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 unaudited condensed consolidated financial statements during the period January 1, 2001 (date of inception) through January 31, 2013, the Company incurred loss of $40,047,271. Of these losses, $2,782,136 was incurred in the nine months ending January 31, 2013 and $1,693,018 in the nine months ending January 31, 2012. 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. However, there can be 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 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

The following discussion of our financial condition and results of operations should be read in conjunction with (1) our interim unaudited financial statements and their explanatory notes included as part of this quarterly report, and (2) our annual audited financial statements and explanatory notes for the year ended April 30, 2012 as disclosed in our annual report on Form 10-K for that year as filed with the SEC.

"Forward-Looking" Information

This report on Form 10-Q 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 expected growth. The words "believe," "expect," "anticipate," "estimate," "project," 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.

RESULTS OF OPERATIONS

Comparison of the Three Months Ended January 31, 2013 to the Three Months Ended January 31, 2012

For the three months ended January 31, 2013 and 2012, we have generated limited sales revenues, have incurred significant expenses, and have sustained significant losses.

Revenues

Revenues totaled $137,291 during the three months ended January 31, 2013 as compared to $139,878 during the three months ended January 31, 2012. Current period revenue was comprised of $86,878 in information technology revenue, $ 23,573 in lease revenue, $7,223 in interest income from RISC loans, and $19,617 in other income. Prior period revenue was comprised of $67,652 in information technology revenue, $36,818 in lease revenue, $21,206 in interest income from RISC loans, and $14,202 in other income. This $2,587 (1.8%) decrease in total revenues was due to the $19,226 (28.4%) increase in information technology revenues, and the $5,415 (38.1%) increase in other income, offset by the continued run-off of our RISC loan portfolio which income declined $13,983 (65.9%) and our rental income from leases declined by $13,245 (36%). The run-off of our portfolios will continue as we transition from a provider of financial services to a provider of information technology products to the powersports and automotive markets. We expect continued improvement in information technology revenues from Specialty Reports, Inc.

Costs and Expenses

General and administrative expenses were $561,095 during the three months ended January 31, 2013, compared to $552,785 during the three months ended January 31, 2012, up $8,310 (1.5%). Expenses incurred during the current three month period consisted primarily of the following expenses: direct costs of information technology products, $41,931; compensation and related costs, $228,692; accounting, audit and professional fees, $11,038; consulting fees, $78,422; rent, utilities and telecommunications expenses $51,537; travel and entertainment, $2,857; and stock based compensation, $80,897. Expenses incurred during the comparative three month period in 2012 consisted primarily of the following expenses: direct costs of information technology products, $18,000; compensation and related costs,

$197,669; accounting, audit and professional fees, $13,490; consulting fees, $8,580; rent, utilities and telecommunications expenses $63,740; travel and entertainment, $4,047; and stock based compensation, $160,212.

Net Loss

We incurred a net loss before preferred dividends of $813,904 for our three months ended January 31, 2013 as compared to $615,910 for the corresponding interim period in 2012, a $197,993 or 32.2% increase in net loss. The increase in our net loss before preferred dividends for our three month interim period ended January 31, 2013 was attributable primarily to the $2,587 or 1.8% decrease in revenue, a $2,119 or 0.4% increase in operating expenses, a $101,697 or 61.5% decrease in interest and financing costs, a $2,557 or 12.9% decrease in non-cash financing costs, a $171,632 or 506% increase in the amortization of debt discount, and a $125,910 or 341% increase in the change in fair value of derivative liabilities.

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We also incurred non-cash preferred dividend expense of $39,764 for our three month period ended January 31, 2013, with a dividend expense of $39,776 in the corresponding interim period of 2012. The $187,509 or 28.7% increase in net loss attributable to common stockholders for our three month period ended January 31, 2013 was due to the factors described above, and the $10,475 or 468.4% increase in net loss attributed to the non-controlling interest. In January 2013, the Company purchased, for nominal cost, fourteen percent of the common stock of Specialty Reports, Inc. ("SRI") bringing the Company' ownership to ninety percent. This resulted in the Company's recognizing ninety percent of SRI's losses, on a primary basis, as opposed to the seventy-six percent recognized in prior periods.

Comparison of the Nine Months Ended January 31, 2013 to the Nine Months Ended January 31, 2012

For the nine months ended January 31, 2013 and 2012, we have generated limited sales revenues, have incurred significant expenses, and have sustained significant losses.

Revenues

Revenues totaled $533,492 during the nine months ended January 31, 2013 as compared to $439,213 during the nine months ended January 31, 2012. Current period revenue was comprised of $297,918 in information technology revenue, $85,537 in lease revenue, $23,675 in interest income from RISC Loans and $126,362 of other income. Prior period revenue was comprised of $203,070 in information technology revenue, $99,128 in lease revenue, $87,278 in interest income from RISC Loans and $49,737 of other income. This increase in revenues was due primarily to the $94,848 (46.7%) increase in information technology income, and the $76,625 (154%) increase in other income, primarily from a $56,441 one-time gain on disposition of vehicles, all offset by a $13,591 (13.7%) decline in rental income from leases, and a $63,603 (72.9%) decline in income from loans due to the sale of the majority of our RISC portfolio and the continued run-off of our remaining RISC loan portfolio. The run-off of our portfolios will continue as we transition from a provider of financial services to a provider of information technology products to the powersports and automotive markets. We expect continued improvement in information technology revenues from Specialty Reports, Inc.

Costs and Expenses

General and administrative expenses were $2,131,264 during the nine months ended January 31, 2013, compared to $1,923,278 during the nine months ended January 31, 2012, an increase of $207,986 or 10.8%. Expenses incurred during the current nine month period consisted primarily of the following expenses: compensation and related costs, $694,099; accounting, audit and professional fees, $128,174; consulting fees, $162,848; rent, utilities and telecommunication expenses $250,873; travel and entertainment, $9,554; and non-cash stock based compensation, $509,072. Expenses incurred during the comparative nine month period in 2012 consisted primarily of the following expenses: compensation and related costs, $865,862; accounting, audit and professional fees, $127,198; consulting fees, $101,922; rent, utilities and telecommunication expenses $247,238; travel and entertainment, $12,196; and non-cash stock based compensation, $277,990.

For the nine months ended January 31, 2013, we incurred: interest expenses and financing costs of $264,364, a non-cash charge of $213,684 related to shares of common stock and warrants issued for financing cost, a charge of $585,276 for beneficial conversion discounts, and a non-cash gain of $24,111for change in derivative liabilities. For the nine months ended January 31, 2012, we incurred: interest expenses and financing costs of $372,635, a non-cash charge of $98,437 related to shares of common stock and warrants issued for financing cost, a charge of $97,222 for beneficial conversion discounts, and a non-cash gain of $515,199 for change in derivative liabilities.

Net Loss

We incurred a net loss before preferred dividends of $2,685,326 for our nine months ended January 31, 2013 as compared to $1,594,672 for the corresponding interim period in 2012. The $1,090,653 or 68.4% increase in our net loss before preferred dividends for our nine month interim period ended January 31, 2013 was attributable to: the $94,279 or 21.5%, increase in revenue; a $198,813 or 10% increase in operating expenses; a $108,271 or 29.1% decrease in interest expense: a $115,247 or 117.1% increase in non-cash financing costs; a $488,054 or 502% increase in amortization of debt discount; and a $491,088 or 95.3% decrease in the gain in change of fair value of derivative liabilities. The net loss was partially off-set by $22,481 loss attributed to non-controlling interest. In January 2013, the Company purchased, for nominal cost, fourteen percent of the common stock of Specialty Reports, Inc. ("SRI") bringing the Company' ownership to ninety percent. This resulted in the Company's recognizing, on a primary ownership basis, ninety percent of SRI's losses as opposed to the seventy-six percent recognized in periods prior to the quarter ending January 31, 2012.

We also incurred non-cash preferred dividend expense of $119,291 for our nine month periods ended January 31, 2013 and 2012.

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Our net loss attributable to common stockholders increased to $2,782,136 for our nine month period ended January 31, 2013 as compared to $1,693,018 for the corresponding period in 2012. The $1,089,117 increase in net loss attributable to common stockholders for our nine month period ended January 31, 2013 was due to the factors described above and the $1,536 or 7.3% increase in net loss attributed to the non-controlling interest.

LIQUIDITY AND CAPITAL RESOURCES

As of January 31, 2013, we had a negative net worth of $3,606,921. We generated a deficit in cash flow from operations of $1,137,267 for the nine months ended January 31, 2013. This deficit is primarily attributable to our net loss of $2,782,136 partially offset by depreciation and amortization of $48,341, Preferred Stock dividends of $118,706, and net other non-cash charges totaling $1,344,723, and to changes in the balances of current assets and liabilities. Accounts payable and accrued expenses increased by $100,923, receivables increased $83,298, inventory decreased $22,710, prepaid expenses and other assets decreased by $37,827, and restricted cash declined by $54,937.

Cash flows provided by investing activities for the nine months ended January 31, 2013 was $384,492 primarily due to the net proceeds of RISC contracts of $293,926 and the net liquidation of motorcycle and vehicle leases of $90,566.

We met our cash requirements during the nine month period through net proceeds from the sale of common stock in the amount of $622,650, sale of preferred equity in our subsidiary in the amount of $55,000, the sale of convertible and other notes of $436,000, and net loans from related parties of $6,500. We made payments on senior secured debt financing of $334,485 and on notes payable in the amount of $27,125. Additionally, we have received limited revenues from leasing and financing motorcycles and other vehicles, fees from our municipal lease program, and from our subsidiary, Specialty Reports, Inc.

We do not anticipate incurring significant research and development expenditures, and we do not anticipate the sale or acquisition of any significant property, plant or equipment, during the next twelve months. At January 31, 2013, we had 9 full time employees. If we are able to fully implement our business plan, we anticipate our employment base may increase by approximately 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 obtaining sources of financing and generating additional revenues from our information technology products and services. 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.

We continue seeking additional financing, which may be in the form of senior debt, subordinated debt or equity. There is no guarantee that we will be successful in raising the funds required to support our operations. 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. 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.

GOING CONCERN ISSUES

The independent auditors report on our April 30, 2012 and 2011 financial statements included in the Company's Annual Report states that the Company's historical losses and the lack of revenues raise substantial doubts about the Company's ability to continue as a going concern, due to the losses incurred and its lack of significant operations. If we are unable to develop our business, we 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.

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

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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 additional credit facilities from institutional lenders; seeking institutional investors for debt or equity investments in our Company; short term interim debt financing: and private placements of debt and equity securities with accredited investors.

To address these issues, we are negotiating the potential sale of securities with investment banking companies to assist us in raising capital. We are also presently in discussions with several institutions about obtaining additional credit facilities.

INFLATION

The impact of inflation on the costs of the Company, and the ability to pass on cost increases to its customers over time is dependent upon market conditions. The Company is not aware of any inflationary pressures that have had any significant impact on the Company's operations over the past quarter, and the Company does not anticipate that inflationary factors will have a significant impact on future operations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not maintain off-balance sheet arrangements nor does it participate in non-exchange traded contracts requiring fair value accounting treatment.

TRENDS, RISKS AND UNCERTAINTIES

We have sought to identify what we believe to be the most significant risks to our business, but we cannot predict whether, or to what extent, any of such risks may be realized nor can we guarantee that we have identified all possible risks that might arise.

Our annual operating results may fluctuate significantly in the future as a result of a variety of factors, most of which are outside our control, including: the demand for our products and services; seasonal trends in purchasing, the amount and timing of capital expenditures and other costs relating to the commercial and consumer financing; price competition or pricing changes in the market; technical difficulties or system downtime; general economic conditions and economic conditions specific to the consumer financing sector.

Our annual results may also be significantly impacted by the impact of the accounting treatment of acquisitions, financing transactions or other matters. Particularly at our early stage of development in the information technology sector, such accounting treatment can have a material impact on the results for any quarter. Due to the foregoing factors, among others, it is likely that our operating results may fall below our expectations or those of investors in some future quarter.

Our future performance and success is dependent upon the efforts and abilities of our management. To a very significant degree, we are dependent upon the continued services of Anthony L. Havens, our President and Chief Executive Officer and member of our Board of Directors. If we lost the services of either Mr. Havens, or other key employees before we could get qualified replacements, that loss could materially adversely affect our business. We do not maintain key man life insurance on any of our management.

Our officers and directors are required to exercise good faith and high integrity in our management affairs. Our bylaws provide, however, that our directors shall have no liability to us or to our shareholders for monetary damages for breach of fiduciary duty as a director except with respect to (1) a breach of the director's duty of loyalty to the corporation or its stockholders, (2) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) liability which may be specifically defined by law or (4) a transaction from which the director derived an improper personal benefit.

We may experience growth, which will place a strain on our managerial, operational and financial systems resources. To accommodate our current size and manage growth if it occurs, we must devote management attention and resources to improve our financial strength and our operational systems. Further, we will need to expand, train and manage our sales and distribution base. There is no guarantee that we will be able to effectively manage our existing operations or the growth of our operations, or that our facilities, systems, procedures or controls will be adequate to support any future growth. Our ability to manage our operations and any future growth will have a material effect on our stockholders.

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If we fail to remain current on our reporting requirements, we could be removed from the OTC Bulletin Board which would limit the ability of broker-dealers to sell our securities and the ability of stockholders to sell their securities in the secondary market. Companies trading on the OTC Bulletin Board, such as us, must be reporting issuers under Section 12 of the Securities Exchange Act of 1934, as amended, and must be current in their reports under Section 13, in order to maintain price quotation privileges on the OTC Bulletin Board. If we fail to remain current on our reporting requirements, we could be removed from the OTC Bulletin Board. As a result, the market liquidity for our securities could be severely adversely affected by limiting the ability of broker-dealers to sell our securities and the ability of stockholders to sell their securities in the secondary market. Additionally, if we fail to remain current on our reporting requirements or if our common stock is removed from trading on any recognized domestic market, the majority of our debt securities would be placed in default.

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 policies involves the most complex, difficult and subjective estimates and judgments.

Revenue Recognition

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.

Revenues generated by our subsidiary, Specialty Reports, Inc., are recognized on a cash basis.

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.

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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.

Allowance for Losses

The Company has loss reserves for its portfolio of Leases and for its portfolio of Retail Installment Sales Contracts ("RISC"). The allowance for Lease and RISC losses is increased by charges against earnings and decreased by charge-offs (net of recoveries). To the extent actual credit losses exceed these reserves, a bad debt provision is recorded; and to the extent credit losses are less than the reserve, additions to the reserve are reduced or discontinued until the loss reserve is in line with the Company's reserve ratio policy. Management's periodic evaluation of the adequacy of the allowance is based on the Company's past lease and RISC experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, and current economic conditions. The Company periodically reviews its Lease and RISC receivables in determining its allowance for doubtful accounts.

The Company charges-off receivables when an individual account has become more than 120 days contractually delinquent. In the event of repossession, the asset is immediately sent to auction or held for release.

RECENT ACCOUNTING PRONOUNCEMENT

See Note A to the unaudited condensed consolidated financial statements for a description of recent accounting pronouncements, including the expected dates of adoption and estimated effects on our consolidated financial statements, which is incorporated herein by reference.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Our management, with the participation of our Chief Executive Officer and our Principal Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, and in light of the material weaknesses found in our internal controls, our Chief Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report were not effective.

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, 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; and
- 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.

There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the fiscal quarter to which this report relates, or as of the last day thereof, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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 1A. RISK FACTORS

We are subject to certain risks and uncertainties in our business operations including those 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 which are currently deemed immaterial may also impair our business operations. A description of factors that could materially affect our business, financial condition or operating results were included in Item 1A "Risk Factors" of our Form 10-K for the year ended April 30, 2012, filed August 14, 2012, and is incorporated herein by reference.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

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. The Company applied proceeds from financing activities described below to working capital.

During the three months ended January 31, 2013, The Company:

- Sold 502,643 shares of common stock to seven accredited investors for $167,500.
- Issued to 422,400 shares of common stock to three investors upon conversion of $127,186 of notes and accrued interest.
- Issued 60,815 shares valued at $22,955 to four investors pursuant to the terms of their agreements
- Issued 100,000 shares valued at $32,000 to five consultants.
- Issued 97,214 shares valued at $45,558 to three consultants pursuant to the terms of their agreements.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

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ITEM 6. EXHIBITS

The following exhibits are filed with this report:

Exhibit No.	Description
10.1	Motorcycle Lease Warehousing Master Lease Funding Agreement dated September 28, 2012 between registrant and Vion Operations LLC (incorporated by reference to Exhibit 10 of Form 8-K filed on September 29, 2012)
10.2	Motorcycle Lease Warehousing Master Services Agreement dated September 28, 2012 between registrant and Vion Operations LLC (incorporated by reference to Exhibit 10.2 of Form 8-K filed on September 29, 2012)
11	Statement re: computation of per share earnings is hereby incorporated by reference to "Financial Statements" of Part I - Financial Information, Item 1 - Financial Statements, contained in this Form 10-Q.
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

*Filed herewith

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	SPARTA COMMERCIAL SERVICES, INC.
Date: March 25, 2013	By: /s/ Anthony L. Havens Anthony L. Havens Chief Executive Officer
Date: March 25, 2013	By: /s/ Anthony W. Adler Anthony W. Adler Principal Financial Officer