

SPARTA COMMERCIAL SERVICES, INC.
Form 10-K
August 13, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended April 30, 2015

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

For the transition period from _____ to _____.

Commission file number: 0-9483

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

NEVADA
(State or other jurisdiction of incorporation or
organization)

30-0298178
(I.R.S. Employer Identification No.)

370 Lexington Ave., Suite 1806, New York, NY
(Address of principal executive offices)

10017
(Zip Code)

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

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

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the 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. Yes 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). Yes No

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

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

Large accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

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

The aggregate market value of voting and non-voting common equity of the issuer held by non-affiliates, on October 31, 2014 was \$6,686,869

As of July 27, 2015, we had 68,319,244 shares of common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: None.

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PART I

ITEM 1. BUSINESS

General Overview

Sparta Commercial Services, Inc. ("Sparta" "we," "us," or the "Company") is a Nevada corporation. We are a technology company that provides a wide range of mobile app tools, products and services. We also provide vehicle history reports and a municipal leasing program.

Our roots are in the Powersports industry and our original focus was providing consumer and municipal financing to the powersports, recreational vehicle, and automobile industries (see Discontinued Operations). Presently, through our subsidiary, Specialty Reports, Inc. (SRI), we offer Mobile App development, sales, marketing and support, and Vehicle History Reports.

Our mobile application (mobile app) offerings have broadened our base beyond vehicle dealers to a wide range of businesses including, but not limited to, restaurants, hotels, and grocery stores. We also private label our mobile app framework to enable other businesses to offer custom apps to their customers.

Our vehicle history reports include Cyclechex (Motorcycle History Reports at www.cyclechex.com); RVchex (Recreational Vehicle History Reports at www.rvchex.com); CarVINreport (Automobile at www.carvinreport.com) and Truckchex (Heavy Duty Truck History Reports at www.truckchex.com). Our Vehicle History Reports are designed for consumers, retail dealers, auction houses, insurance companies and banks/finance companies.

Sparta also administers a Municipal Leasing Program for local and/or state agencies throughout the country who are seeking a better and more economical way to finance their essential equipment needs, including police motorcycles, cruisers, buses, and EMS equipment. We are continuing to expand our roster of equipment manufacturers and the types of equipment we lease.

Our offices are located at 370 Lexington Avenue, Suite 1806, New York, NY 10017, (212) 239-2666. We maintain a website at www.spartacommercial.com.

We identify our ongoing information technology business in two reporting groups: mobile apps, and vehicle history reports, both of which operate under our wholly owned subsidiary, Specialty Reports, Inc.

MOBILE APPS

The mobile applications group is currently marketing two mobile app products: Specialty Mobile Apps and iMobile Apps ("iMA"). These products allow us to offer custom mobile apps to a wide range of customers. We also private label these products to allow other businesses to easily offer custom mobile apps to their customers. In June 2014, we announced a private label version of iMA for Canadian software developer Quantech Software, Inc., who will offer the Q-App, powered by iMobileApp, to their customer base of Retail Auto, RV, Powersports, and Marine dealers.

Specialty Mobile App and iMobileApp Products

Specialty Mobile App (SMA) products are based on a customizable modular mobile app platform developed for powersports, automobile, recreational vehicle and marine dealers that allows them to login to our website and utilize a fully customized dealer mobile app on their own schedules. Dealers can upload images, change colors and icons, customize the items displayed, and send push notifications to their customers using the app in order to create a fully

branded experience. We generate and package the mobile application, then make it available on-line to the dealer's customers through the Apple App Store and the Android Market. As we build new features and support more devices, customers can take advantage of these new features and devices as well. The SMA platform also allows us to manage licenses and retrieve reporting information.

The iMobileApp (iMA) platform is similar to the SMA platform, but designed for multi-industry use and for semi- and fully-customized applications. Typical markets for the iMA platform are restaurants, hotels, grocery stores, liquor stores, wineries, butcher shops, medical & dental practices, real estate agencies, attorneys, funeral homes, auto body shops, and stand-alone event apps.

Basic features of the SMA and iMA platforms:

Mobile client framework ("MCF") - Our mobile framework software allows us to provide customized apps that can be installed on the individual mobile devices and deployed through the Apple App Store, Android Market Place, and similar distribution channels.

Content Management System (CMS) - App customers can use our web-based content management system to upload images to their mobile app, change text content, change colors, organize the order of tabs, and publish updates to the app.

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Customized contact information - Our app customers can elect to present their users with a registration screen on startup that collects information such as first name, last name, email address and telephone number in order to track marketing information and push individual notification messages for future functionality.

Multiple Location Support - Our app customers pay subscription fees multiplied by the number of store locations that they wish to include in their app. Customers can use the client customization portal to add locations to their mobile app.

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

Inventory – The inventory screen allows our app customer to specify the type of inventory they want to display and manage. Inventory can be integrated in a number of ways: web link, hand-keyed, and in some cases through a third-party inventory management data feed.

Quick Dial - Quick Dial is a menu option app customers can choose to make available to their users. Users tap the Quick Dial option to get a list of phone numbers on their mobile phones. The app customer can add, remove, and edit phone numbers that appear in the Quick Dial screen from their CMS.

Push Notifications - A direct communication channel between our app customer and their app user. This is a way for brands to socialize directly with their very best customers, anytime, anywhere, to build a relationship at a one-to-one level. Because users are typically with their smartphones 24/7, they are—through the push-enabled app—inviting the business into their home and workplace. Our app customers will be virtually with their app users all the time!

Geo-fencing – Geo-fencing allows our app customers to “fence off” a specific area for their push notification, and when their app users enter that area, they will automatically receive the message on their device. By setting an active period for the push notification, our app customers can limit the time period for the message -- for instance, they can set it up so all app users who enter the area before 5 PM tomorrow receive their push notification. This is especially useful when businesses have deals or events they would like to advertise to nearby users who are most likely to take advantage.

QR Code Scanner - The Quick Response (QR) two-dimensional bar code scanner enables a user to photograph a QR symbol, then gleans its meaning and takes an appropriate action. The app customer can create QR codes from the CMS system and specify the action that should occur when a user scans the code. Actions include displaying information contained in the code, opening a URL, or running a vehicle history report.

Vehicle History Reports - SMA customers can allow app users to request and retrieve vehicle history reports. A user can create an account on the device or use an existing account. The account information is sent to Specialty Reports, Inc. to create a user account in their system. Users can add credits to their account by entering credit card information into the device. Reports are retrieved from the appropriate Specialty Reports system (Cyclechex.com, RVchex.com or CarVinReport.com) and displayed on users’ Smartphones or other mobile devices. Users can also use QR codes to scan in VIN numbers that have been provided to the CMS system.

Marketing Materials - The CMS allows app customers to download stock artwork, including banners for website display, to help promote their products and services.

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

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

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

Platforms for SMA and iMA Programs

The products have been designed (and maintained and updated by our product development team) to work as the CMS for various smart phone platforms (now existing and potentially emerging in the future). Our products support HTML 5 and work with, but are not limited to, the following devices: iPhone, iPad, Android devices, and Kindle Fire.

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VEHICLE HISTORY REPORTS

The vehicle history report group is currently marketing through its websites: Cyclechex Motorcycle History Reports© (www.cyclechex.com), RVchex™ RV History Reports (www.rvchex.com), CarVinReport Car History Reports (www.carvinreports.com) and Truckchex Heavy Duty Truck History Reports (www.truckchex.com). These reports contain valuable information for consumers, dealers, insurers, auction houses, and lenders. The information includes a vehicle's history, such as disclosed damage, salvaged or rebuilt title brands, the number of previous owners, the last recorded odometer reading, the manufacturer's original equipment, and OEM recall data. We assemble the data for these reports from multiple sources, including, but not limited to, governmental agencies, in order to provide the most current information available for the benefit of all interested parties. We believe our products offer a compelling value because they are priced modestly and we provide a no-hassle, 90-day, and 100% money-back guarantee. We are confident that our Specialty Reports provide buyers and sellers the peace of mind that comes from being able to make an informed decision.

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

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

NMVTIS was created to:

- Prevent the introduction or reintroduction of stolen motor vehicles into interstate commerce
- Protect states, consumers (both individual and commercial), and other entities from fraud
- Reduce the use of stolen vehicles for illicit purposes including funding of criminal enterprises
- Provide consumer protection from unsafe vehicles

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

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

scooters, ATVs or recreational vehicles.

Vehicle History Reports benefit consumers:

Consumers can purchase reports directly from the Cyclechex, RVchex, Truckchex or CarVinReport website
Consumers can purchase reports via an Affiliate website

Vehicle History Reports benefit dealers:

Dealers can purchase a block of history reports from Cyclechex, RVchex, Truckchex or CarVinReport (with pricing incentives to purchase a larger quantity of reports)

Reports facilitate acceptance of trade-in vehicles and add value to the purchase of any pre-owned motorcycle, RV, automobile, light truck or heavy-duty truck

Dealers can resell reports to customers

Vehicle History Reports Affiliate Program:

Dealers and other industry sources can incorporate the Cyclechex, RVchex, Truckchex or CarVinReport website link in their sales and marketing strategies

Affiliates earn commission on Cyclechex, RVchex, Truckchex or CarVinReport history reports generated from their sites

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Cyclechex Motorcycle History Reports®

Cyclechex Motorcycle History Reports (Cyclechex.com) contain valuable information for consumers, motorcycle dealers, insurers, auction houses, and lenders including whether a pre-owned motorcycle is a specific model year, make and model, if it has reported damage, its title history including the last recorded odometer reading, any salvage or damaged titles, the manufacturer's original equipment, and OEM recall data.

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

Our system extracts information from multiple sources, including, but not limited to, governmental agencies, in order to provide the most current information available for the benefit of all interested parties. With a no-hassle, 100% money-back guarantee, and at a modest cost, a Cyclechex Motorcycle History Report provide buyers and sellers peace of mind for decision-making. This critical information is available to any interested party by entering a seventeen digit Vehicle Identification Number (VIN), which covers vehicles dating back to 1981, on our website.

In February 2014, we announced a reciprocal marketing agreement with Allstate insurance company that makes Cyclechex Motorcycle History Reports a recommended tool for Allstate customers.

RVchex™ Recreational Vehicle History Reports

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

Truckchex Heavy Duty Truck History Reports

The Truckchex Heavy Duty Truck History Report (Truckchex.com) contains valuable information for truck drivers, trucking companies, dealers, insurers, auction houses, and lenders, including whether a specific pre-owned commercial truck has reported damage, recorded accidents, post-accident inspections, inspection violations, the last recorded odometer reading, any salvage or damaged titles, the manufacturer's original equipment, and OEM recall data. Our system extracts information from multiple data sources, including, but not limited to, governmental agencies throughout the United States. Truckchecks.com delivers up-to-date, accurate to consumers, truck dealers, lenders, insurers, and other interested parties, and we offer a no-hassle, 100% money-back guarantee. This critical information is available to any interested party by entering a seventeen digit Vehicle Identification Number (VIN) on our website.

CarVin Reports

CarVINreport.com is an online provider of Automobile History Reports. The CarVinReport Car History Report (CarVINreport.com) contains extremely valuable information for consumers, dealers, insurers, auction houses, and lenders, including whether a specific pre-owned automobile has Salvage or Rebuilt Title status or has sustained Flood Damage, the last recorded odometer reading, the manufacturer's original equipment, and OEM recall data. For consumers looking to buy a pre-owned automobile or a retail automobile dealer considering a trade-in or the purchase of other used automobiles, a CarVinReport Car History Report can be invaluable. Moreover, for those dealers who

want to provide a higher level of confidence to a potential buyer about the true condition of the automobile being considered for purchase, the CarVinReport Car History Report is an outstanding sales support tool.

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

www.dmv.org

www.kbb.com

www.motorcycle-histories.com

www.motorcycleshippers.jcmotors.com

www.nadaguides.com

www.cyclepedia.com

<http://www.allstateridernews.com/offers>

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

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

MARKETING AND SALES

Marketing

Our marketing starts with product development. We create compelling products that; (i) in the case of Specialty Mobile Apps and iMobileApp, provide vehicle dealerships and other businesses with a state-of-the-art mobile application, and (ii) in the case of our four vehicle history report products, provide historical title information that assists consumers in purchase decision-making and dealers, auction houses, or other entities in making a sale or evaluating a vehicle.

Specialty Mobile Apps (SMA)

The primary marketing objective for SMA is to continue gaining market share of the vehicle dealer marketplace. We continue to target franchised vehicle dealers by type of product and manufacturer by specifically approaching each dealership in their dealer network to promote our SMA mobile application. By selling our mobile applications throughout one manufacturer's dealer network, we benefit from "word of mouth" referrals while building a recognizable presence in that particular market. For example, a leading motorcycle manufacturer has over 1,400 authorized dealers worldwide. By penetrating this market, we significantly improve our credibility with their entire dealer network, resulting in the individual dealers being more receptive to our sales call, and making them more likely to purchase a Specialty Mobile App and refer us to other dealers.

Additional marketing is done through targeted advertising as well as news stories in relevant trade publications.

iMobileApp (iMA)

There are two primary areas of focus to continue gaining market share for iMA – digital marketing and targeted sales efforts.

The digital marketing strategy is predicated on the fact that the business mobile app marketplace is emerging and highly fragmented. In parallel, the web is not yet dominated by any one business mobile app competitor. Our strategy is to build a strong digital web presence that will help grow our business in the short term, and establish iMA as the market leader in web search as the industry consolidates. The cornerstone of our digital strategy is a state-of-the-art web management platform (see www.iMobileApp.com) that is highly search engine optimized (SEO) in structure and

content. Page rank and traffic will increase over time as we support the website with traffic building efforts through blogging, social networking, ad-clicks, remarketing, and continual technical and content optimization. The goal is to have a leadership market share in organic and accidental search for businesses seeking mobile application solutions.

Traditional sales and marketing efforts will be employed against key categories that have an established high level of acceptance for mobile apps and/or in which iMA has already established market share. Efforts include inside sales calls, email campaigns, category trade association marketing, and customer referrals.

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Vehicle History Reports

The vehicle categories that we are targeting - motorcycles, recreational vehicles and commercial trucks – are not the focus of our largest competitors (CARFAX, AutoCheck). Distribution in the vehicle history reports industry is web-based, and digital competition in our targeted categories is relatively weak and fragmented. Our digital strategy is to become the leading search result for consumers seeking information on used powersports vehicles RV's, and heavy-duty trucks. We employ an advanced web management platform that is highly search engine optimized (SEO). Page rank and traffic will increase over time as we support the website with traffic building efforts through blogging, social networking, ad-clicks, remarketing, and continual technical and content optimization.

An equally important digital strategy is our affiliate and cross-marketing programs. By working with leading companies that serve this category – like NADA guides, DMV.org, Kelley Blue Book, and AllState – we are able to cross-promote our powersports and RV history reporting products on their websites. Consumers who are on affiliate or marketing partner sites can become aware of our reporting services and click through to our websites. If a purchase is completed, the referring affiliate receives a commission on the sale or in some cases may extend a discount to their customers.

In December 2010, Powersports Business chose Cyclechex as one of their “Nifty 50” winners, recognizing it as one of the top 50 new powersports products introduced during the year.

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

Sales and Customer Support

Our newly organized and expanded sales team for Mobile Applications work out of our New York City office, with field reps in Colorado, Florida, New Jersey, Tennessee, Texas and Washington.

The sales team is responsible for closing sales on leads generated from web inquires, email responses, inside sales calls and customer referrals. The team targets target businesses, trade associations, national chains, manufacturers, vehicle dealers and vehicle auction houses.

Customer service is based in our New York office.

Competition

While there are numerous entities offering customized mobile apps, we believe that Specialty Mobile Apps is the leading pre-packaged customizable mobile app for vehicle dealers at a price point significantly below other vendors of customized apps for the vehicle dealer industry.

Because of our strong customer service and our roots in marketing, we believe that our iMobileApp product can be effectively and competitively marketed.

The two major providers of used automobile history reports, CarFax® and AutoCheck® do not provide motorcycle, recreational vehicle or heavy duty truck history reports. In fact, CarFax states on their website that their database contains records primarily of cars and light trucks and “for heavy trucks, RVs, or motorcycles, CARFAX recommends checking with your DMV, enthusiast forums, and of course a pre-purchase vehicle inspection.” AutoCheck states on its web site “AutoCheck only reports on information for cars and light trucks.” Based on our existing roster of Cyclechex affiliates and current negotiations for additional affiliates, we do not see any company as a significant competitor at

this time. We have not identified direct competition of the RV space and do not intend to compete directly with either CarFax® or AutoCheck®.

MUNICIPAL LEASING OF EQUIPMENT, INCLUDING POLICE MOTORCYCLES

Notwithstanding our discontinuance of consumer financing, we continue to offer, on a pass through basis, an equipment-leasing product for local and state agencies throughout the country seeking a better and more economical way to finance their essential equipment needs, including police motorcycles and cruisers, buses and EMS equipment. We are continuing to expand our roster of equipment manufacturers and the types of equipment we lease to agencies.

DISCONTINUED OPERATIONS

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

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

	Fiscal Year Ended	
	April 30, 2015	April 30, 2014
Revenues	\$ 41,714	\$ 122,372
Net loss	\$ (246,537)	\$ (280,441)

As the Company sold all of its portfolio of RISCs, and a portion of its portfolio of leases with the remaining leases in final run-off mode (paying-off and terminating as agreed or by repossession), therefore no portfolio performance measures were calculated for the year ending April 30, 2015 and the Company has discontinued segment reporting.

Regulation

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

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

- Fair Debt Collection Practices Act. The Fair Debt Collection Practices Act and applicable state law counterparts prohibit us from contacting customers during certain times and at certain places, from using certain threatening practices and from making false implications when attempting to collect a debt.
- Truth in Lending Act. The Truth in Lending Act requires us and the dealers we do business with to make certain disclosures to customers, including the terms of repayment, the total finance charge, and the annual percentage rate charged on each contract.
- Consumer Leasing Act. The Consumer Leasing Act applies to any lease of consumer goods for more than four months. The law requires the seller to disclose information such as the amount of initial payment, number of monthly payments, total amount for fees, penalties for default, and other information before a lease is signed.
- The Consumer Credit Protection Act of 1968. The Act required creditors to state the cost of borrowing in a common language so that the consumer can figure out what the charges are, compare costs, and shop for the best credit deal.
- Equal Credit Opportunity Act. The Equal Credit Opportunity Act prohibits creditors from discriminating against loan applicants based on race, color, sex, age, or marital status. Pursuant to Regulation B promulgated under the Equal Credit Opportunity Act, creditors are required to make certain disclosures regarding consumer rights and advise consumers whose credit applications are not approved of the reasons for the rejection.

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

- Gramm-Leach-Bliley Act. The Gramm-Leach-Bliley Act requires us to maintain privacy with respect to certain consumer data in our possession and to periodically communicate with consumers on privacy matters.
- Soldiers' and Sailors' Civil Relief Act. The Soldiers' and Sailor's Civil Relief Act requires us to reduce the interest rate charged on each loan to customers who have subsequently joined, enlisted, been inducted or called to active military duty, if requested to do so.

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- Electronic Funds Transfer Act. The Electronic Funds Transfer Act prohibits us from requiring our customers to repay a loan or other credit by electronic funds transfer ("EFT"), except in limited situations that do not apply to us. We are also required to provide certain documentation to our customers when an EFT is initiated and to provide certain notifications to our customers with regard to preauthorized payments.
- Telephone Consumer Protection Act. The Telephone Consumer Protection Act prohibits telephone solicitation calls to a customer's home before 8 a.m. or after 9 p.m. In addition, if we make a telephone solicitation call to a customer's home, the representative making the call must provide his or her name, our name, and a telephone number or address at which our representative may be contacted. The Telephone Consumer Protection Act also requires that we maintain a record of any requests by customers not to receive future telephone solicitations, which must be maintained for five years.
- Bankruptcy. Federal bankruptcy and related state laws may interfere with or affect our ability to recover collateral or enforce a deficiency judgment.
- Dodd-Frank Wall Street Reform and Consumer Protection Act. The Dodd-Frank Wall Street Reform and Consumer Protection Act authorized the creation of a Bureau of Consumer Financial Protection. The impact on the Company of the newly created agency is unknown at this time as the agency is yet to be formed.

Employees

As of April 30, 2015, we had 18 full-time employees.

ITEM 1A. RISK FACTORS

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

We have an operating history of losses.

Through our fiscal year ended April 30, 2015, we have generated cumulative sales revenues, including discontinued operations, of \$7,088,155, have incurred significant expenses, and have sustained significant losses. Our net loss for the year ended April 30, 2015 was \$4,921,148. As of April 30, 2015, we had a deficit net worth of \$5,939,102.

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

In order to expand our business, we need raise additional capital to support our operations until we become cash flow positive. We will have to raise approximately \$2 million over the next twelve months to support our business. As our business grows, we will need to seek additional financing to fund growth. There can be no assurance that we will have sufficient capital or be able to secure credit facilities when needed. The failure to obtain additional funds, when required, on satisfactory terms and conditions, would have a material and adverse effect on our business, operating results and financial condition, and ultimately could result in the cessation of our business.

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

We are new entrants into the information technology business.

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

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

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

We could be harmed by data loss or other security breaches

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

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

The independent auditor's report on our April 30, 2015 consolidated financial statements state that our historical losses raise substantial doubts about our ability to continue as a going concern. We cannot assure you that we will be able to generate revenues or maintain any line of business that might prove to be profitable. Our ability to continue as a going concern is subject to our ability to generate a profit or obtain necessary funding from outside sources, including obtaining additional funding from the sale of our securities, increasing sales or obtaining credit lines or loans from various financial institutions where possible. If we are unable to develop our business, we may have to discontinue operations or cease to exist, which would be detrimental to the value of our common stock. We can make no assurances that our business operations will develop and provide us with significant cash to continue operations.

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

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

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

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

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Failure to perfect a security interest could harm our business.

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

Risks associated with leasing.

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

Adverse changes in used vehicle prices may harm our business.

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

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

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

Our business is subject to various government regulations.

While we have sold our consumer loan portfolio, we retain a small and declining lease portfolio. Therefore, we are subject to numerous federal and state consumer protection laws and regulations and licensing requirements, which, among other things, may affect: (i) the interest rates, fees and other charges we impose; (ii) the terms and conditions of the contracts; (iii) the disclosures we must make to obligors; and (iv) the collection, repossession and foreclosure rights with respect to delinquent obligors. The extent and nature of such laws and regulations vary from state to

state. Federal bankruptcy laws limit our ability to collect defaulted receivables from obligors who seek bankruptcy protection. Prospective changes in any such laws or the enactment of new laws may have an adverse effect on our business or the results of operations. Compliance with existing laws and regulations has not had a material adverse effect on our operations to date. We will need to periodically review our office practices in an effort to ensure such compliance, the failure of which may have a material adverse effect on our operations and our ability to conduct business activities.

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

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

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

Our board is empowered to issue, without stockholder approval, preferred stock, on one or more series, with dividend, liquidation, conversion, voting or other rights that could adversely affect the voting power or other rights of the holders of common stock. From time to time, we have designated, and may in the future designate, series of preferred stock carrying various preferences and rights different from, and greater than, our common stock. As of April 30, 2015, we have one series of preferred stock outstanding. Preferred stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of the company.

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

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

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

Our directors and executive officers beneficially own approximately 2.52% of our common stock as of April 30, 2015. Accordingly, these persons and their respective affiliates have the ability to exert some control over the election of our Board of Directors and the outcome of issues submitted to our stockholders, including approval of mergers, sales of assets or other corporate transactions. In addition, such control could preclude any unsolicited acquisition of our company and could affect the price of our common stock.

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

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ITEM 2. PROPERTIES

Our executive offices are located at 370 Lexington Avenue, Suite 1806, New York, NY 10017. We have an agreement for use of office space at this location under a sub-lease expiring on June 29, 2016. The office space contains approximately 2,800 square feet. For the year ended April 30, 2015, the rent was \$185,213. For the year ending April 30, 2016, the rent is \$229,830 and for the remaining two months of our sub-lease ending June 30, 2016 the rent is \$38,305.

ITEM 3. LEGAL PROCEEDINGS

As at April 30, 2015, we were not a party to any material pending legal proceeding except as stated below. From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business.

On December 18, 2012, the Company filed suit in the United States District Court for the Southern District Court of New York against a former credit provider. The suit sought damages arising out of the credit provider's termination of the Company's credit line in 2009. The defendant counterclaimed for recovery of legal fees under an indemnification clause contained in one of the loan documents. The matter proceeded to trial in May 2015, and the Court thereafter issued a decision finding in favor of the defendant on the Company's claims. The defendant now seeks recovery of approximately \$2 million in legal fees, relying on the contractual indemnity clause. The Company believes that it has good and valid defenses to the claim, including that the indemnification clause only applies to third party claims; however, there can be no assurance that the Court will agree with the Company's arguments. The defendant's motion is currently scheduled to be heard in September 2015. The Company is currently considering an appeal of the Court's decision on the Company's claims.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

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PART II

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

Market Information

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

	High	Low
Fiscal Year 2015		
First quarter (May 1, 2014 – July 31, 2014)	\$ 1.24	\$ 0.43
Second quarter (August 1, 2014 – October 31, 2014)	\$ 0.58	\$ 0.17
Third quarter (November 1, 2014 – January 31, 2015)	\$ 0.32	\$ 0.14
Fourth quarter (February 1, 2015 – April 30, 2015)	\$ 0.14	\$ 0.04
Fiscal Year 2014		
First quarter (May 1, 2013 – July 31, 2013)	\$ 0.70	\$ 0.39
Second quarter (August 1, 2013 – October 31, 2013)	\$ 0.74	\$ 0.41
Third quarter (November 1, 2013 – January 31, 2014)	\$ 1.29	\$ 0.45
Fourth quarter (February 1, 2014 – April 30, 2014)	\$ 1.32	\$ 0.93

Holders

The approximate number of holders of record of our common stock as of April 30, 2015 was 3,073 excluding stockholders holding common stock under nominee security position listings.

Dividends

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

As of April 30, 2015, we had outstanding 125 shares of Series A Convertible Preferred Stock, \$.001 par value. The Series A shares pay a 6% annual dividend that may be paid in cash or shares of common stock at our option. We have not, as of April 30, 2015, distributed any dividends on the Series A shares, in cash or in shares of common stock.

Upon conversion of the Series A shares, all accrued and unpaid dividends are extinguished. As of April 30, 2015, there was \$7,562 of accrued Series A dividends payable.

As of April 30, 2015, we had no shares of Series B preferred stock outstanding or dividends payable. During the year ended April 30, 2015, pursuant to the terms of the Series B Preferred Stock, the Company redeemed and returned to treasury all shares of Series B Preferred Stock and all shares of to be issued Series B Preferred Stock by exchanging the shares for \$2,118,309 of note subscription receivables and \$204,458 of interest receivable thereon. Subsequent to this redemption, there were no shares of Series B Preferred Stock outstanding and there were no shares of Series B Preferred Stock payable.

Recent Sales of Unregistered Securities

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

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During the year ended April 30, 2015, the Company:

sold 9,655,415 shares of common stock to eighteen accredited investors for \$978,886
issued 9,487,478 shares of common stock upon the conversion of convertible notes and accrued interest in the amount of \$684,788 of which 122,449 shares were classified as to be issued at April 30, 2014 and 1,963,350 shares remained to be issued at April 30, 2015, see following text for details of the notes converted,
issued 1,353,830 shares of common stock with 51,000 shares of common stock to be issued at April 30, 2015 valued at \$181,912 pursuant to terms of various notes of which 24,809 shares were classified as to be issued at April 30, 2014,
issued 1,234,959 shares of common stock valued at \$352,942 pursuant to consulting agreements, of which 60,000 shares remained to be issued,
issued 538,160 shares of common stock in payment of \$80,154 in accounts payable of which 20,000 shares were classified as to be issued at April 30, 2014, and 100,000 were classified as to be issued at April 30, 2015.
issued 31,780 shares of common stock valued at \$77,460 to three employees in exchange for their outstanding stock purchase options.

Notes convertible at the holder's option consist of:

Repaid \$241,250 of a \$1,163,369, 8% note originally due April 30, 2014, but subsequently amended to such time as the lawsuit 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. Issued this noteholder 279,007 shares of common stock to this note holder with another 447,796 shares to be issued at April 30, 2015 upon the conversion of \$94,336 of accrued interest

Borrowed \$96,500 pursuant to a 6% note due June 30, 2015, and a \$40,000 note due December 23, 2015. The notes are convertible at the note holder's option at a variable conversion prices such that during the period during which the notes are outstanding, with all 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"). \$23,000 of the June 30, 2015 note was converted into 771,370 shares of the Company's common stock.

Borrowed \$59,000 due December 15, 2015, pursuant to the terms of a \$165,000, 5% convertible note commitment. And, borrowed another \$27,500 due February 25, 2017 pursuant to the terms of a second \$165,000, 5% convertible note commitment. Both notes are identical in terms. The lender may lend additional consideration to the Company in such amounts and at such dates as Lender may choose in its sole discretion. The principal sum due to lender shall be prorated based on the consideration actually paid by lender (plus an approximate 10% original issue discount that is prorated based on the consideration actually paid by the lender as well as any other interest or fees) such that the borrower is only required to repay the amount funded and the Company is not required to repay any unfunded portion of this note. The maturity date is one year from the effective date of each payment and is the date upon which the Principal Sum of this Note, as well as any unpaid interest and other fees, shall be due and payable. The Conversion Price is the lesser of \$0.60 or 70% of the lowest closing prices during the 20 trading days immediately previous to the day the conversion notice is delivered to the Company (In the case that conversion shares are not deliverable by DWAC an additional 5% discount will apply; and if the Company fails to maintain its status as DTC Eligible, the Principal amount of the Note shall increase by \$10,000 and the conversion price shall be redefined to equal the lesser of \$0.60 or 50% of the lowest closing prices during the 25 trading days immediately previous to the day the conversion notice is delivered to the Company. Unless otherwise agreed in writing by both parties, at no time will the lender convert any amount of this note into common stock that would result in the lender owning more than 4.99% of the common stock outstanding. During the fiscal year, two notes totaling \$118,000, issued in the prior fiscal year, plus

accrued interest thereon were converted into 835,354 shares of the Company's common stock.

Borrowed the final two \$27,500 tranches of a \$165,000 due on January 28, 2016 and March 23, 2016, respectively, pursuant to the terms of a 5% convertible note. The principal sum due to lender shall be prorated based on the consideration actually paid by lender (plus an approximate 10% original issue discount that is prorated based on the consideration actually paid by the lender as well as any other interest or fees) such that the borrower is only required to repay the amount funded and the Company is not required to repay any unfunded portion of this note. The maturity date is one year from the effective date of each payment and is the date upon which the Principal Sum of this Note, as well as any unpaid interest and other fees, shall be due and payable. The Conversion Price is the lesser of \$0.60 or 60% of the lowest closing prices during the 20 trading days immediately before the day the conversion notice is delivered to the Company. (In the case that conversion shares are not deliverable by DWAC, the principal amount of the note shall be increased by \$10,000, and the conversion price shall be redefined to equal the lesser of (a) \$0.60 or (b) 50% of the lowest closing prices during the 20 trading days immediately previous to the day the conversion notice is delivered to the Company). Unless otherwise agreed in writing by both parties, at no time will the lender convert any amount of this note into common stock that would result in the lender owning more than 4.99% of the common stock outstanding. Three notes issued in the prior fiscal year with a total outstanding principal balance of \$90,000 plus accrued interest thereon were converted into 1,139,721 shares of the Company's common stock.

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Borrowed two \$110,000 8% notes in two \$55,000 tranches each, with due dates of: January 21, 2015, two tranches on January 26, 2016, and February 27, 2016, January 26, 2016. The notes are convertible at a 40% discount from the lowest closing price for the twenty trading days prior to conversion. In the event the notes are not paid when due, the interest rate is increased to fifteen percent until the notes are paid in full. \$85,000 of notes plus accrued interest were converted into 2,506,466 shares of the Company's common stock.

Sold to an accredited investor a convertible six notes in the aggregate amount of \$211,500. The notes are nine-month notes and bear 8% interest. Outstanding at April 30, 2015 are: (a) a \$33,000, 8% note due August 16, 2015; and (b) a \$33,000, 8% note due October 5, 2015. The notes are convertible at the note holder's option at a variable conversion prices such that during the period during which the notes are outstanding, with all 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"). During the fiscal year, four of the notes totaling \$145,500 plus accrued interest thereon were repaid and \$42,500 of notes issued during the prior fiscal year, plus accrued interest thereon, were repaid.

Borrowed: \$50,000 pursuant to an 8% convertible note due December 20, 2014. This note was repaid; \$55,000 pursuant to a 12% convertible note due December 19, 2015. \$20,000 of this note was converted into 696,152 shares of the Company's common stock, the balance was repaid; \$105,000 pursuant to a 12% convertible note due December 30, 2015. This note plus accrued interest was converted into 1,716,562 shares of the Company's common stock; and a \$55,000, 12% note due June 22, 2015. The note is convertible at the note holder's option at a variable conversion of 58% multiplied by the average of the three lowest trades in the twenty 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").

Borrowed \$110,000 in two \$55,000 tranches pursuant to a \$220,000, 10% note due May 24, 2015 and July 27, 2015. The notes are convertible at the note holder's option at a variable conversion of 58% multiplied by the lowest trading price in the five 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").

Borrowed: \$55,125 pursuant to an 8% convertible note due December 9, 2015, \$50,000 pursuant to an 8% convertible note due April 16, 2016, and borrowed a \$52,500 pursuant to a 8% convertible note due December 9, 2015. The notes are convertible at the note holder's option at a variable conversion of 60% multiplied by the lowest closing price in 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"). \$7,500 of the April 16, 2016 note plus interest thereon was converted into 223,661 shares of the Company's common stock.

Borrowed \$50,000 pursuant to a 10% convertible note due December 15, 2015. The note is convertible at the note holder's option at a variable conversion prices such that during the period during which the note is outstanding at 58% multiplied by the average of the three lowest closing bid prices for the common stock during the five 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").

Borrowed \$13,859 pursuant to an 8% convertible note due February 9, 2015. This note plus accrued interest thereon was fully converted into 259,366 shares of the Company's common stock. Borrowed \$27,500 pursuant to an 8% convertible note due February 2, 2016. This note is convertible at the note holder's option at a variable conversion of 60% multiplied by lowest closing price in 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"). Borrowed \$50,000 pursuant to an 8% convertible note due March 16, 2016. The note is convertible at the note holder's option at a variable conversion of 60% multiplied by the lowest closing price in 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”). \$15,000 of this note was converted into 518,519 shares of the Company’s common stock. Borrowed \$22,500 pursuant to an 8% convertible note due March 16, 2016. The note is convertible at the note holder’s option at a variable conversion of 60% multiplied by the lowest closing price in 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”). Borrowed \$27,250 pursuant to an 8% convertible note due March 16, 2016. The note is convertible at the note holder’s option at a variable conversion of 60% multiplied by the lowest closing price in 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”).

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Borrowed \$13,586 pursuant to an 8% convertible note due February 9, 2015. This note plus accrued interest thereon was fully converted into 325,000 shares of the Company's common stock. Borrowed \$27,500 pursuant to an 8% convertible note due February 2, 2016. This note is convertible at the note holder's option at a variable conversion of 60% multiplied by lowest closing price in 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"). Borrowed \$50,000 pursuant to an 8% convertible note due March 16, 2016. The note is convertible at the note holder's option at a variable conversion of 60% multiplied by the lowest closing price in 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"). \$6,100 of this note plus accrued interest thereon was converted into 201,121 shares of the Company's common stock. Borrowed \$22,500 pursuant to an 8% convertible note due March 16, 2016. The note is convertible at the note holder's option at a variable conversion of 60% multiplied by the lowest closing price in 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"). Borrowed \$27,250 pursuant to an 8% convertible note due March 16, 2016. The note is convertible at the note holder's option at a variable conversion of 60% multiplied by the lowest closing price in 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").

Sold to an accredited investor a convertible two notes in the aggregate amount of \$71,000. The notes are nine-month notes and bear 8% interest. The notes are convertible at the note holder's option at the lower of (i) the price per share at which the Company sells or issues any shares of common, subject to certain exceptions, or (ii) 58% multiplied by the average of the lowest three lowest closing bid price for the common stock during the ten trading day period ending one trading day prior to the date of submission of the conversion notice.

Borrowed \$30,000 pursuant to two, 8% convertible notes both due 4/14/16. The notes are convertible at the note holder's option at a variable conversion of 60% multiplied by lowest closing price in 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"). In the event the notes are not paid when due, the interest rate is increased to twenty-two percent until the notes are paid in full.

Borrowed \$25,000 pursuant to an 8% note due 4/22/16. The note is convertible at the note holder's option at a variable conversion of 60% multiplied by lowest closing price in 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"). In the event the note is not paid when due, the interest rate is increased to twenty-two percent until the note is paid in full.

Notes convertible at the Company's option consist of:

A \$15,000, 10% note due 4/22/16. The note is convertible at the Company's option, at a price of thirty (\$0.30) cents per share only if, prior to any conversion, the closing price of the Company's common stock has equaled or exceeded thirty (\$0.30) cents per share for ten (10) consecutive trading days. The Company issued the Noteholder 37,500 shares of its restricted common stock as an inducement for the loan. If the note is not paid in full on or before maturity, the Company shall issue the noteholder 1,000 shares of its restricted common stock for each month, or portion thereof, that the note remains unpaid.

Notes with interest only convertible at Company's option consist of:

A 22% note for \$10,000 due May 31, 2015 with interest convertible at the Company's option at \$1.50 per share;

A \$25,000 note due May 1, 2011, which was extended to October 31, 2013 with interest convertible at the Company's option at \$1.50 per share. The Company is paying the note holder 3,333 shares per month until the note is paid or

renegotiated. So long as the Company pays the monthly shares this note is not in default. Interest is payable on the \$10,000 note at the Company's option and on the \$25,000 note at the holder's option in cash or in shares at the rate of \$1.50 per share.

A \$210,000, 12.462% note due April 30, 2014, but subsequently amended to such time as the lawsuit filed by the Company (see: PART II, ITEM 1 LEGAL PROCEEDINGS) is fully adjudicated. Interest is payable quarterly with a minimum of \$600 in cash with the balance payable in cash or stock at the Company's option 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. Issued this noteholder 115,181 shares of common stock to this note holder with another 131,504 shares to be issued at April 30, 2015 upon the conversion of \$36,586 of accrued interest.

A \$25,000 10% note due February 2, 2016, the Company issued the note holder 110,000 shares of its common stock in connection with this loan. Pursuant to the terms of this note, the Company is required to issue to the note holder 5,000 shares of its common stock for each month or portion thereof that the note remains unpaid. Interest is payable on all this note at the Company's option in cash or in shares at the rate of \$0.15 per share; and a

A \$15,000 5% note due May 31, 2015 with interest convertible at the Company's option at \$0.58 per share, the Company issued the note holder 5,000 shares of its common stock in connection with this loan.

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Non-convertible notes consist of:

A \$25,000 note due May 31, 2015 that bears no interest. Pursuant to the terms of this note, the Company is required to issue to the note holder 1,000 shares of its common stock for each month or portion thereof that the note remains unpaid;

A \$75,000, 20% note due September 18, 2015. The Company has reserved 2,519,597 shares of the Company's restricted common stock as collateral for the loan. The Company issued this Noteholder 106,700 share of restricted common stock as inducement for the loan and 417,891 shares of common stock to extend the maturity date of the note from March 18, 1015 to September 18, 2015;

A \$30,000, 8% note due December 31, 2014. The Company agreed to issue 10,000 shares of restricted common stock as an inducement for the loan and pay the holder 1,000 shares per month for each month or fraction thereof the note remains unpaid;

A \$50,000, 20% note due September 18, 2015. The Company has reserved 1,672,241 shares of the Company's restricted common stock as collateral for the loan. The Company issued this Noteholder 272,331 shares of restricted common stock as inducement for the loan; and

A \$33,500, 10% note due April 30, 2016. Pursuant to the terms of this note, the Company is required to issue to the note holder 1,000 shares of its common stock for each month or portion thereof that the note remains unpaid.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

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

"FORWARD-LOOKING" INFORMATION

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

The following discussion and analysis should be read in conjunction with the information set forth in the audited financial statements for the years ended April 30, 2015 and April 30, 2014 and footnotes found in the Company's Annual Report on Form 10-K.

Discontinued Operations

As discussed in NOTE C to the consolidated financial statements, in August 2013, the Company's Board of Directors approved management's recommendation to discontinue the Company's consumer lease and loan lines of business and the sale of all of the Company's portfolio of RISCs, and a portion of its portfolio of leases. The sale was consummated in that quarter. The assets and liabilities have been accounted for as discontinued operations in the Company's

consolidated balance sheets for all periods presented.

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

	Fiscal Year Ended	
	April 30, 2015	April 30, 2014
Revenues	\$ 41,714	\$ 122,373
Net loss	\$ (246,537)	\$ (280,441)

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RESULTS OF OPERATIONS

For the year ended April 30, 2015, our revenues from continuing operations increased approximately 27%. We have continued to incur significant expenses, and have sustained significant losses.

Revenues-Continuing Operations

Revenues totaled \$604,842 in fiscal 2015 compared to revenues of \$476,022 in fiscal 2014. Other income in fiscal 2015 was \$22,182 compared with \$77,190 in fiscal 2014. Revenues from continuing operations in both fiscal years were from the sale of vehicle history reports, mobile apps and monthly mobile app service fees. Other income in both fiscal years was comprised primarily of Municipal Lease Fee income and interest income from subscriptions receivable.

Costs and Expenses-Continuing Operations

We incurred employee compensation and benefit costs of \$1,426,292 for the year ended April 30, 2015 compared with \$889,933 in fiscal 2014. The increase is primarily related to reduction in allocation of executive salaries to discontinued operations and the corresponding increase in general and administrative expenses as well as an increased sales staff.

In connection with placement transactions, we expensed non-cash costs in the form of shares of common stock or warrants of \$181,994 and \$113,260 for the years ended April 30, 2015 and 2014, respectively. Additionally, we incurred legal and due diligence fees with respect to placement transactions of \$127,550 and \$107,110 for the years ended April 30, 2015 and 2014, respectively. These amounts were charged to financing costs. In connection with consulting services, we expensed non-cash costs in the form of shares of common stock or warrants of \$375,973 and \$361,794 for the years ended April 30, 2015 and 2014, respectively. Additionally, during the fiscal year ended April 30, 2015, we expensed \$63,149 as the value of employee stock and option based compensation as compared to \$11,208 in the prior fiscal year. During the year ended April 30, 2015, we recorded a charge of \$1,013,934 amortization of debt discounts for convertible notes to financing costs as compared to a charge of \$417,290 in fiscal 2014. Additionally, we recognized a net increase of the derivative liability of warrants and share conversion rights in the amount of \$318,372 in fiscal 2015 as compared to an increase of \$166,932 in fiscal 2014. At April 30, 2015 and 2014, accrued preferred dividends of \$758 and \$157,758, respectively, were charged to retained earnings.

We incurred legal and accounting fees of \$390,417 for the year ended April 30, 2015, as compared to \$259,260 for the year ended April 30, 2014.

We incurred other operating expenses of \$561,890 for the year ended April 30, 2015. Expenses in this category were: general office expenses of \$205,225; rent of \$185,213; travel and entertainment of \$32,693; utilities of \$32,832; advertising, marketing and website expenses of \$54,699; loss reserve expenses for discontinued operations of \$40,650; and taxes of \$10,578.

We incurred other operating expenses of \$487,864 for the year ended April 30, 2014. Expenses in this category were: general office expenses of \$210,456; rent of \$114,191; travel and entertainment of \$37,981; utilities of \$23,956; advertising, marketing and website expenses of \$84,779; and taxes of \$16,501.

Interest and financing costs for the fiscal year ended April 30, 2015 were \$499,618 as compared to \$337,688 for the fiscal year ended April 30, 2014. Depreciation and amortization for the fiscal year ended April 30, 2015 was \$3,848 as compared to \$4,572 for the fiscal year ended April 30, 2014.

Net Loss-Continuing Operations

Revenues increased \$128,820 (27.06%) from \$476,022 to \$604,842, and cost of goods sold increased \$37,152 (23.97%) from \$154,961 to \$192,113, resulting in a \$91,670 (28.55%) increase in gross profit. General and administrative expenses increased \$867,918 (38.74%) to \$3,108,073; Interest expense and financing costs increased \$161,930 (47.95%) to \$499,618; non cash financing costs increased \$68,734 (60.69%) to \$181,994; the amortization of debt discount increased \$596,643 (142.98%) from \$417,291 to \$1,013,934; and the changes in the fair value of derivative liabilities increased \$151,440 (90.72%) from \$166,932 to \$318,372. Our net loss from continuing operations for the year ended April 30, 2015 increased \$1,809,281 (62.797%) to \$4,690,926 from a loss of \$2,881,646 for the year ended April 30, 2014. The increase in net loss from operations was primarily due to the \$867,918 (38.74%) increase in general and administrative expenses, the \$55,008 (71.26%) decline in other income, the \$161,930 (47.95%) increase in interest expense and financing costs, the 68,734 (60.69%) increase in non-cash financing costs, the increases in GAAP accounting for amortization of debt discount of \$596,643 (142.98%) and increase in the charges for derivative liabilities of \$151,440 (90.72%).

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Our net loss attributable to common stockholders for the year ended April 30, 2015 increased \$1,655,500 (50.69%) to \$4,921,148 from a loss of \$3,265,648 for the year ended April 30, 2014. This increase in net loss attributable to common stockholders for the year ended April 30, 2015 was primarily due to the increased costs and expenses discussed above.

Our net loss per common share (basic and diluted) attributable to common stockholders was \$0.19 for the year ended April 30, 2015 and \$0.19 for the year ended April 30, 2014.

LIQUIDITY AND CAPITAL RESOURCES

As of April 30, 2015, we had a deficit net worth of \$5,939,102. We generated a deficit in cash flow from operations of \$2,662,903 for the year ended April 30, 2015. This deficit is primarily attributable to net loss attributed to shareholders of \$4,921,148 increased by: the non-controlling interest net loss of \$17,076, and reduced by: depreciation and amortization of \$3,848; change in fair value of derivative liabilities of \$318,372; amortization of debt discount of \$1,013,934; equity based compensation of \$430,402; stock based financing costs of \$181,912; and to changes in the balances of current assets, consisting primarily of an increase in accounts receivable of \$10,678; decrease in prepaid expenses and other assets of \$45,659; and an increase in deposits of \$39,209 and an increase in current liabilities, consisting primarily of an increase in accounts payable of \$331,081. We met our cash requirements during the period through net proceeds from the issuances of convertible and other notes of \$2,393,770, and we sold common and preferred stock for net proceeds of \$978,866, we repaid notes in the amount of \$778,000. Cash flows from discontinued operations included cash used by operating activities of \$15,766.

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

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

We estimate that we will need approximately \$1,750,000 in addition to our normal operating cash flow to conduct operations during the next twelve months. Based on the above, on capital received from equity financing to date, and certain indications of interest to purchase our equity, we believe that we have a reasonable chance to raise sufficient capital resources to meet projected cash flow deficits through the next twelve months. There can be no assurance that additional private or public financing, including debt or equity financing, will be available as needed, or, if available, on terms favorable to us. Any additional equity financing may be dilutive to stockholders and such additional equity securities may have rights, preferences or privileges that are senior to those of our existing common or preferred stock. Furthermore, debt financing, if available, will require payment of interest and may involve restrictive covenants that could impose limitations on our operating flexibility. However, if we are not successful in generating sufficient liquidity from operations or in raising sufficient capital resources, on terms acceptable to us, this could have a material adverse effect on our business, results of operations, liquidity and financial condition, and we will have to adjust our planned operations and development on a more limited scale.

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

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

The independent auditors report on our April 30, 2015 and 2014 consolidated financial statements included in this Annual Report states that our historical losses and the lack of revenues raise substantial doubts about our ability to continue as a going concern, due to the losses incurred and lack of significant operations. If we are unable to develop our business, we may have to discontinue operations or cease to exist, which would be detrimental to the value of the Company's common stock. We can make no assurances that our business operations will develop and provide us with significant cash to continue operations.

PLAN OF OPERATIONS

Addressing the Going Concern Issues

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

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

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

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

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

Product Research and Development

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

Acquisition or Disposition of Plant and Equipment

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

Number of Employees

From our inception through the period ended April 30, 2015, we have relied on the services of outside consultants for services and currently have twelve full-time employees. In order for us to attract and retain quality personnel, we anticipate we will have to offer competitive salaries to future employees. If we fully implement our business plan, we anticipate our employment base may increase by at least 100% during the next twelve months. As we continue to expand, we will incur additional cost for personnel. This projected increase in personnel is dependent upon our generating revenues and obtaining sources of financing. There is no guarantee that we will be successful in raising the funds required or generating revenues sufficient to fund the projected increase in the number of employees.

Inflation

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

CRITICAL ACCOUNTING POLICIES

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

Revenue Recognition

Information Technology:

Revenues from mobile app products are recognized on a cash basis. Revenues from History Reports are recognized on both a cash basis and a deferral basis depending on the nature of the transaction

Discontinued Operations:

Revenues from RISCs and leases

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

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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 because 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.

Stock-Based Compensation

The Company adopted Financial Accounting Standards Board Accounting Standard Codification Topic 718 ("ASC 718-10"), which records compensation expense on a straight-line basis, generally over the explicit service period of three to five years.

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

RECENT ACCOUNTING PRONOUNCEMENTS

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

Off-Balance Sheet Arrangements

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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<u>Consolidated Balance Sheets as of April 30, 2015 and 2014</u>	26
<u>Consolidated Statements of Losses for the years ended April 30, 2015 and 2014</u>	27
<u>Consolidated Statement of Deficit for the two years ended April 30, 2015</u>	28
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Sparta Commercial Services, Inc. and subsidiary, as of April 30, 2015 and 2014, and the related consolidated statements of losses, deficit and cash flows for each of the two years in the period ended April 30, 2015. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on the consolidated financial statements based upon our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sparta Commercial Services, Inc. at April 30, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the two years in the period ended April 30, 2015, in conformity with accounting principles generally accepted in the United States of America.

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

/s/ R B S M LLP

New York, New York
August 13, 2015

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CONSOLIDATED BALANCE SHEETS

	As of	
	April 30,	April 30, 2014
	2015	
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 14,034	\$ 70,456
Accounts receivable	10	182,343
Other current assets	5,706	51,364
Total Current Assets	19,750	304,163
Property and equipment, net of accumulated depreciation and amortization of \$203,215 and \$199,367, respectively (NOTE B)	10,047	9,974
Goodwill	10,000	10,000
Other assets	9,628	9,628
Deposits	79,776	40,568
Total Long Term Assets	109,451	70,170
Total assets from continuing operations	129,201	374,333
ASSETS FROM DISCONTINUED OPERATIONS (NOTE C)	13,955	90,024
Total assets	\$ 143,156	\$ 464,357
LIABILITIES AND DEFICIT		
Liabilities:		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,382,598	\$ 1,259,368
Current portion notes payable net of beneficial conversion feature of \$762,426 and \$296,384, respectively (NOTE D)	1,374,786	821,511
Derivative liabilities	1,605,535	601,000
Total Current Liabilities	4,362,919	2,681,879
Long term portion of notes payable	1,263,369	1,198,368
Loans payable-related parties (NOTE E)	385,853	385,853
Total Long Term Liabilities	1,649,222	1,584,221
Total liabilities from continuing operations	6,012,141	4,266,100
LIABILITIES FROM DISCONTINUED OPERATIONS (NOTE C)	70,117	130,420
Total liabilities	6,082,258	4,396,520
Deficit:		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized of which 35,850 shares have been designated as Series A convertible preferred stock, with a stated value of \$100 per share, 125 and 125 shares issued and outstanding, respectively	12,500	12,500
Preferred stock B, 1,000 shares have been designated as Series B redeemable preferred stock,	-	1,570

\$0.001 par value, with a liquidation and redemption value of \$10,000 per share, 0 and 157 shares issued and outstanding, respectively		
Preferred stock C, 200,000 shares have been designated as Series C redeemable, convertible preferred, \$0.001 par value, with a liquidation and redemption value of \$10 per share, 0 and 0 shares issued and outstanding, respectively	-	-
Common stock, \$0.001 par value; 750,000,000 shares authorized, 43,238,320 and 20,987,353 shares issued and outstanding, respectively	43,238	20,987
Common stock to be issued 2,356,598 and 283,777, respectively	2,356	284
Preferred stock B to be issued, 0 and 72.48 shares, respectively	-	72
Additional paid-in-capital	42,528,909	41,738,613
Subscriptions receivable	-	(2,118,309)
Accumulated deficit	(49,178,453)	(44,257,306)
Total deficiency in stockholders' equity	(6,591,450)	(4,601,588)
Noncontrolling interest	652,348	669,424
Total Deficit	(5,939,102)	(3,932,164)
Total Liabilities and Deficit	\$ 143,156	\$ 464,357

See accompanying notes to consolidated financial statements.

Table of ContentsSPARTA COMMERCIAL SERVICES, INC.
CONSOLIDATED STATEMENT OF LOSSES

	Year Ended April 30,	
	2015	2014
Revenue		
Information technology	\$604,842	\$476,022
Cost of goods sold	192,112	154,961
Gross profit	412,730	321,061
Operating expenses:		
General and administrative	3,108,073	2,240,154
Depreciation and amortization	3,848	4,572
Total operating expenses	3,111,921	2,244,726
Loss from operations	(2,699,191)	(1,923,665)
Other (income) expense:		
Other income	(22,182)	(77,190)
Interest expense and financing cost, net	499,618	337,688
Non-cash financing costs	181,994	113,260
Amortization of debt discount	1,013,934	417,291
(Gain) loss in changes in fair value of derivative liability	318,372	166,932
Total other expense	1,991,736	957,981
Net loss from continuing operations	(4,690,926)	(2,881,646)
Net loss from discontinued operations	(246,537)	(280,441)
Net Loss	(4,937,464)	(3,162,087)
Net loss attributed to Noncontrolling interest	17,076	53,767
Preferred dividend	(758)	(157,328)
Net loss attributed to common stockholders	\$(4,921,148)	\$(3,265,648)
Basic and diluted loss per share	\$(0.18)	\$(0.16)
Basic and diluted loss per share attributed to common stockholders	\$(0.19)	\$(0.19)
Weighted average shares outstanding	26,440,126	17,637,942

See accompanying notes to consolidated financial statements.

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SPARTA COMMERCIAL SERVICES, INC.
CONSOLIDATED STATEMENT OF DEFICIT
FOR THE TWO YEARS ENDED APRIL 30, 2015

	Series A		Series B				Common Stock				Paid in Capital	
	Preferred Stock Shares	Preferred Stock Amount	Preferred Stock Shares	Preferred Stock Amount	Shares to be issued	Common Stock Shares	Common Stock Amount	Shares to be issued	Common Stock Amount	Subscriptions Receivable		
Balance April 30, 2013	125	\$12,500	157	\$1,570	57	\$-	14,131,242	\$14,131	625,340	\$625	\$(2,118,309)	\$38
Correcting Preferred dividend to be issued					15	-	-	-	(85,826)	(87)	-	12
Derivative liability reclassification												51
Sale of common stock							3,883,899	3,884	(72,201)	(72)		1,2
Shares issued for financing cost							158,766	158	16,677	17		11
Shares issued for conversion of notes and interest							1,886,804	1,887	(205,713)	(205)		77
Stock compensation							926,682	927	5,500	6		38
Employee options expense												11
Net loss												
Balance April 30, 2014	125	\$12,500	157	\$1,570	72	\$-	20,987,353	\$20,987	283,777	\$284	\$(2,118,309)	\$41
Correcting							345		(430)	(1)		-
Redemption of preferred B stock			(157)	(1,570)	(72)						2,118,309	(2,
Derivative liability reclassification												76
Sale of common stock							9,655,415	9,656	65,249	65		96
Shares issued for financing cost							1,302,830	1,303	27,069	27		18
							10,025,638	10,025	1,920,933	1,921		75

Shares issued for
conversion of notes,
interest and accounts
payable

Stock

compensation

1,234,959

1,235

60,000

60

35

Employee
stock & options
expense

31,780

32

77

Net loss

Balance April

30, 2015

125

\$12,500

-

\$-

0

\$-

43,238,320

\$43,238

2,356,598

\$2,356

\$-

\$42

See accompanying notes to consolidated financial statements.

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SPARTA COMMERCIAL SERVICES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

	FY ENDED	
	APRIL 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	\$ (4,921,148)	\$ (3,265,648)
Adjustments to reconcile net loss to net cash used in operating activities:		
Adjustments	(1)	(75)
Dividend on preferred stock	-	156,569
Loss allocable to non-controlling interest	(17,076)	(53,767)
Depreciation and amortization	3,848	4,572
Change in fair value of derivative liabilities	318,372	166,932
Amortization of debt discount	1,013,934	417,291
Equity based finance cost	181,912	113,260
Equity based compensation	430,402	398,149
(Increase) decrease in operating assets:		
Accounts receivable	(10,678)	(28,496)
Prepaid expenses and other assets	45,659	(3,083)
Deposits	(39,209)	-
Increase (decrease) in operating liabilities:		
Accounts and accrued expenses	331,081	217,692
Net cash used in operating activities	(2,662,903)	(1,876,605)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(3,921)	-
Net cash (used in) investing activities	(3,921)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from sale of common stock	978,866	1,298,977
Net proceeds from convertible notes	2,298,770	966,433
Net payments on convertible notes	(778,000)	(309,500)
Net proceeds from other notes	95,000	65,000
Net payment on other notes	-	(65,000)
Net payment on related notes	-	(7,407)
Net cash provided by financing activities	2,594,636	1,948,503
Cash flows from discontinued operations:		
Cash provided by (used in) operating activities of discontinued operations	15,766	(39,655)
Net Cash flow from discontinued operation	15,766	(39,655)
Net Decrease in cash	\$ (56,422)	\$ 32,243
Unrestricted cash and cash equivalents, beginning of period	\$ 70,456	38,213
Unrestricted cash and cash equivalents , end of period	\$ 14,034	\$ 70,456
Cash paid for:		

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Interest	\$	109,654	\$	11,438
Income taxes	\$	1,244	\$	5,600

Non cash investing and financing activities (see: Note M)

See accompanying notes to consolidated financial statements.

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NOTE A - SUMMARY OF ACCOUNTING POLICIES

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

Business and Basis of Presentation

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

Estimates

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

Discontinued Operations

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

Revenue Recognition

Information Technology:

Revenues from mobile app products are recognized on a cash basis. Revenues from History Reports are recognized on both a cash basis and a deferral basis depending on the nature of the transaction.

Discontinued Operations:

Revenues from RISCs and leases

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

payment to get the interest income portion of the payment being applied. The balance of the payment goes to reducing the loan principal balance.

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

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

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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.

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" ("ASC 740-10"). 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 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 740-10 also provides guidance on derecognition, classification, treatment of interest and penalties, and disclosure of such positions. As a result of implementing ASC 740-10, there has been no adjustment to the Company's consolidated financial statements and the adoption of ASC 740-10 did not have a material effect on the Company's consolidated financial statements for the year ending April 30, 2015.

Fair Value Measurements

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

- Level 1 — Quoted prices for identical instruments in active markets. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market, as well as certain securities that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value measurements. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques based on significant unobservable inputs, as well as management judgments or estimates that are significant to valuation.

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.

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Impairment of Long-Lived Assets

In accordance ASC 360-10, "Impairment or Disposal of Long-Lived Assets" ("ASC 360-10"), 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.

Segment Information

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

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

Stock Based Compensation

The Company adopted ASC 718-10 "Accounting for Stock Compensation" ("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.

Property and Equipment

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

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

Advertising Costs

The Company follows a policy of charging the costs of advertising to expenses incurred. During the years ended April 30, 2015 and 2014, the Company's continuing operations incurred advertising costs of \$7,519 and \$39,519, respectively.

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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 \$0.18 and \$0.19 for the year ended April 30, 2015, respectively, and \$0.16 and \$0.19 for the year ended April 30, 2014, respectively. At April 30, 2015 and 2014, 20,081,014 (including 2,356,598 shares to be issued included on the balance sheet) and 6,076,389 (including 283,777 shares to be issued included on the balance sheet) potential shares, respectively, were excluded from the shares used to calculate diluted earnings per share as their inclusion would reduce net loss per share.

Reclassifications

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

Derivative Liabilities

The Company assessed the classification of its derivative financial instruments as of April 30, 2015, which consist of convertible instruments and rights to shares of the Company's common stock, and determined that such derivatives meet the criteria for liability classification under ASC 815.

ASC 815 generally provides three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as freestanding derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument subject to the requirements of ASC 815. ASC 815 also provides an exception to this rule when the host instrument is deemed to be conventional, as described.

Convertible Instruments

The Company evaluates and accounts for conversion options embedded in its convertible instruments in accordance with professional standards for "Accounting for Derivative Instruments and Hedging Activities".

Professional standards generally provides three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they

occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. Professional standards also provide an exception to this rule when the host instrument is deemed to be conventional as defined under professional standards as “The Meaning of “Conventional Convertible Debt Instrument”.

The Company accounts for convertible instruments (when it has determined that the embedded conversion options should not be bifurcated from their host instruments) in accordance with professional standards when “Accounting for Convertible Securities with Beneficial Conversion Features,” as those professional standards pertain to “Certain Convertible Instruments.” Accordingly, the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their earliest date of redemption. The Company also records when necessary deemed dividends for the intrinsic value of conversion options embedded in preferred shares based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note.

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ASC 815-40 provides that, among other things, generally, if an event is not within the entity's control could or require net cash settlement, then the contract shall be classified as an asset or a liability.

Recent Accounting Pronouncements

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

NOTE B - PROPERTY AND EQUIPMENT

Major classes of property and equipment at April 30, 2015 and 2014 consist of the followings:

	2015	2014
Computer equipment, software and furniture	\$ 213,262	\$ 209,341
Less: accumulated depreciation	(203,215)	(199,367)
Net property and equipment	\$ 10,047	\$ 9,974

Depreciation expense related to property and equipment was \$3,848, and \$4,572 for the years ended April 30, 2015 and 2014, respectively.

NOTE C - DISCONTINUED OPERATIONS

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

	Fiscal Year Ended	
	April 30, 2015	April 30, 2014
Revenues	\$ 41,714	\$ 122,373
Net loss	\$ (246,537)	\$ (280,441)

As the Company sold all of its portfolio of RISCs, and a portion of its portfolio of leases with the remaining leases in final run-off mode, therefore no portfolio performance measures were calculated for the year ending April 30, 2015.

ASSETS INCLUDED IN DISCONTINUED OPERATIONS

MOTORCYCLES AND OTHER VEHICLES UNDER OPERATING LEASES

Motorcycles and other vehicles under operating leases at April 30, 2015 and 2014 consist of the following:

	2015	2014
Motorcycles and other vehicles	\$ 22,086	\$ 60,686
Less: accumulated depreciation	(13,455)	(5,016)
Motorcycles and other vehicles, net of accumulated depreciation	8,631	55,670
Less: estimated reserve for residual values	(2,437)	(4,252)
Motorcycles and other vehicles under operating leases, net	\$ 6,194	\$ 51,418

At April 30, 2015, motorcycles and other vehicles are being depreciated to their estimated residual values over the lives of their lease contracts. Depreciation expense for vehicles for the years ended April 30, 2015 and 2014 was \$28,736 and \$29,411, respectively. All of the assets are pledged as collateral for the note described in SECURED NOTES PAYABLE in this Note. These remaining leases are in a run-off mode.

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The following is a schedule by years of minimum future rentals (excluding residual values of \$27,460) on non-cancelable operating leases as of April 30, 2015:

Year ending	
April 30,	
2016	\$ 27,460
2017	-
Total	\$ 27,460

RETAIL (RISC) LOAN RECEIVABLES

All of the Company's RISC loan receivables were sold in August 2013. As of April 30, 2015 and 2014, the Company had RISC Loans receivables of \$8,743 (representing refinancing of two loans that had previously been sold) and zero, respectively; Interest receivable of \$1,265 and \$2,180, respectively; and deficiency receivables of \$0 and \$0, respectively. At April 30, 2015 and 2014, the reserve for doubtful RISC loan receivables was \$0 and \$1,124, respectively.

As the Company sold all of its portfolio of RISCs, and a portion of its portfolio of leases with the remaining leases in final run-off mode, therefore no portfolio performance measures were calculated for the year endings April 30, 2014 and 2015.

LIABILITIES INCLUDED IN DISCONTINUED OPERATIONS

SECURED NOTES PAYABLE

	2015	2014
Secured, subordinated individual lender		
(a)	\$ 58,037	\$ 117,508
Secured, subordinated individual lender		
(b)	12,080	12,912
Total	\$ 70,117	\$ 130,420

- (a) The Company had financed certain of its leases and RISCs through two third parties. The repayment terms are generally one year to five years and the notes are secured by the underlying assets. The weighted average interest rate at April 30, 2015 is 15.29%.
- (b) On October 31, 2008, the Company purchased certain loans secured by a portfolio of secured motorcycle leases ("Purchased Portfolio") for a total purchase price of \$100,000. The Company paid \$80,000 at closing, \$10,000 in April 2009 and agreed to pay the remaining \$10,000 upon receipt of additional Purchase Portfolio documentation. As of April 30, 2015, no such documents have been received. Proceeds from the Purchased Portfolio started accruing to the Company beginning November 1, 2008. To finance the purchase, the Company issued a \$150,000 Senior Secured Note dated October 31, 2008 ("Senior Secured Note") in exchange for \$100,000 from the holder. Terms of the Senior Secured Note require the Company to make semi-monthly payments in amounts equal to all net proceeds from Purchased Portfolio lease payments and motorcycle asset sales received

until the Company has paid \$150,000 to the holder. To finance the purchase, the Company issued a \$150,000 Senior Secured Note dated October 31, 2008 (“Senior Secured Note”) in exchange for \$100,000 from the holder. Terms of the Senior Secured Note require the Company to make semi-monthly payments in amounts equal to all net proceeds from Purchased Portfolio lease payments and motorcycle asset sales received until the Company has paid \$150,000 to the holder. The Company was obligated to pay any remainder of the Senior Secured Note by November 1, 2009, which was extended to August 15, 2015, and has granted the note holder a security interest in the Purchased Portfolio. On January 31, 2013, the holder converted \$50,000 of the outstanding balance of the Note into 60,606 shares of the Company’s restricted common stock.

At April 30, 2015, the notes payable mature as follows:

Year ended	Amount
April 30,	
2016	\$ 70,117
2017	-
Total Due	\$ 70,117

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NOTE D - NOTES PAYABLE\$

	April 30, 2015	April 30, 2014
Notes Payable		
Notes convertible at holder's option (a)	\$ 2,707,080	\$ 1,901,263
Notes convertible at Company's option (b)	15,000	-
Notes with interest only convertible at Company's option (c)	285,000	390,000
Non-convertible notes payable d)	393,500	25,000
Subtotal	3,400,580	2,316,263
Less, Debt discount	(762,426)	(296,384)
Total	\$ 2,638,154	\$ 2,019,879

(a) Notes convertible at holder's option consists of:

(i) a \$1,163,369, 8% note originally due April 30, 2014, but subsequently amended to such time as the lawsuit 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 had recorded a \$663,403 beneficial conversion discount for this note, which was fully amortized during fiscal 2013;

(ii) (a) a \$33,500, 6% note due June 30, 2015, and (b) a \$40,000 note due December 23, 2015. The Company has recorded beneficial conversion discounts totaling \$85,465 for the notes. The discounts are being fully amortized over the term of the notes. The notes are convertible at the note holder's option at a variable conversion prices such that during the period during which the notes are outstanding, with all 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"). The Company had reserved up to 4,753,694 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 eighteen percent until the note is paid in full;

(iii) (a) a \$25,000, 12% convertible debenture due May 27, 2014 (the "Debenture"). The Debenture is convertible at \$0.59 per share. The Company issued the holder 5,000 shares of its restricted common stock as inducement for the loan, and (b) a \$50,000, 12% debenture, due March 20, 2015, convertible at the holder's option at \$0.59 per share), the Company issued the holder 10,000 shares of its restricted common stock as inducement for the loan. In fiscal 2014, the Company has recorded a \$50,000 beneficial conversion discount for this note. The discount is being fully amortized over the term of the note; If the Company has not redeemed the outstanding principal and accrued interest of both Debentures in cash by their Maturity Dates and the original Debenture between the Holder and the Company dated September 19, 2007 is no longer outstanding, then for every 30 day period past the Maturity Date of which the principal balance an any accrued interest of this Debenture remain outstanding, the Company shall issue the Holder the greater of (i) 1,333 shares of the Company's restricted common stock or (ii) the number of shares of the Company's restricted common stock equal to \$2,000 determined on the basis of the volume weighted average closing price "VWACP" of the Company's common stock for the five consecutive trading days immediately prior to the 19th of each month (for a day to be included in the calculation, there must have been at least 100 shares traded on that day). As long as the Company remains current on the payment of the shares under Paragraph 12 of the Debentures, the Debentures shall be considered past due but not in default.

(iv) seven notes aggregating \$118,250, all due August 15, 2015 with interest ranging from 15% to 20%, with accrued interest compounding monthly at 8%. On one \$25,000 note, which had been past due, the Company is paying 667 monthly penalty shares until the note is paid in full. All of the notes are convertible at the holder's option at \$0.25 per share. In fiscal 2012, 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 August 15, 2015 with interest ranging from 20% to 25% with accrued interest compounding monthly at 8%, all of the notes are convertible at the holder's option at \$0.25 per share. In fiscal 2012, 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;

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(vi) (a) \$59,000, 5% convertible note due December 16, 2015. This is the final tranche of a \$165,000 note. 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 \$29,333 beneficial conversion discount for the note. The discount is being fully amortized over the initial term of the note, and (b) a \$27,500 5% convertible note due February 25, 2017. This is the initial tranche of a \$165,000 note. The conversion price is 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 \$21,079 beneficial conversion discount for the note. The discount is being fully amortized over the initial term of the note. The Company has reserved up to 2,400,000 shares of its common stock for conversion pursuant to the terms of the notes.

(vii) (a) a \$27,500, 5% convertible note due January 28, 2015, (b) a \$27,500, 5% convertible note due April 29, 2015 and (c) a \$27,500 convertible note due January 28, 2016. This lender has committed to lend up to \$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 Company 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 of each note 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 for the notes is the lesser of \$0.60 or 70% of the lowest closing price during the 20 trading days immediately before the day the conversion notice is delivered to the Company. (In the case that conversion shares are not deliverable by DWAC, the principal amount of the note shall be increased by \$10,000, and the conversion price shall be redefined to equal the lesser of (a) \$0.60 or (b) 50% of the lowest closing price during the 20 trading days immediately previous to the day the conversion notice is delivered to the Company). Unless otherwise agreed in writing by both parties, at no time will the lender convert any amount of this note into common stock that would result in the lender owning more than 4.99% of the common stock outstanding. In fiscal 2014, the Company has recorded a \$59,437 beneficial conversion discount for the notes. The discounts are being fully amortized over the terms of the notes; (d) \$490 outstanding balance on a \$13,900, 10% convertible note due June 1, 2014. The Conversion Price for this note is the lesser of \$0.50 or 70% of the lowest closing prices during the 20 trading days immediately before the day the conversion notice is delivered to the Company. The Company has reserved up to 8,750,000 shares of its common stock for conversion pursuant to the terms of the notes

(viii) (a) a \$25,000 8% convertible note due April 27, 2015, (b) a \$55,000 8% convertible note due January 26, 2016, and (c) a \$57,200 8% convertible note due January 26, 2016. The notes are convertible at a 40% discount from the lowest closing price for the twenty trading days prior to conversion. The Company has recorded a \$100,699 beneficial conversion discount for the notes. The discounts are being fully amortized over the initial term of the notes. The Company had reserved up to 5,106,571 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 fifteen percent until the

notes are paid in full;

(ix) (a) a \$33,000, 8% note due August 16, 2015; and (b) a \$33,000, 8% note due October 5, 2015. The Company has recorded a beneficial conversion discount of \$32,904 for the notes. The discounts are being fully amortized over the term of the notes. The notes are convertible at the note holder's option at a variable conversion prices such that during the period during which the notes are outstanding, with all 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"). The Company has reserved up to 1,735,000 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 notes are paid in full;

(x) a \$44,770, 5% note due April 15, 2016. In fiscal 2014, the Company has recorded a beneficial conversion discount of \$35,816 for the note. The discount is being fully amortized over the term of the note. The note is convertible at the note holder's option at the rate of 1.5 shares of common stock for each dollar converted. In the event the note is not paid when due, the interest rate is increased to eighteen percent until the note is paid in full; and

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(xi) a \$55,000, 12% note due June 22, 2015. The Company has recorded a beneficial conversion discount of \$48,015 for the note. The discount is being fully amortized over the term of the note. The note is convertible at the note holder's option at a variable conversion of 58% multiplied by the average of the three lowest trades in the twenty 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 had reserved up to 2,000,000 shares of its common stock for conversion pursuant to the terms of the note.

(xii) (a) \$55,000 outstanding under a \$220,000, 10% note due May 24, 2015 and (b) \$55,000 outstanding under the same note due July 27, 2015. The Company has recorded a beneficial conversion discount of \$105,364 for the notes. The discount is being fully amortized over the term of the notes. The notes are convertible at the note holder's option at a variable conversion of 58% multiplied by the lowest trading price in the five 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 had reserved up to 7,000,000 shares of its common stock for conversion pursuant to the terms of the notes.

(xiii) (a) a \$55,125, 8% convertible note due December 9, 2015. The Company has recorded a beneficial conversion discount of \$55,000 for the note. The discount is being fully amortized over the term of the note. The note is convertible at the note holder's option at a variable conversion of 60% multiplied by the average of the three lowest closing prices in the fifteen 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"); (b) \$42,500 outstanding under a \$50,000, 8% convertible note due April 16, 2016. The Company has recorded a beneficial conversion discount of \$50,000 for the note. The discount is being fully amortized over the term of the note. The note is convertible at the note holder's option at a variable conversion of 60% multiplied by the lowest closing price in 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"); and (c) a \$52,500, 8% convertible note due December 9, 2015. The Company has recorded a beneficial conversion discount of \$52,500 for the note. The discount is being fully amortized over the term of the note. The note is convertible at the note holder's option at a variable conversion of 60% multiplied by the average of the three lowest closing prices in the fifteen 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 had reserved up to 7,094,000 shares of its common stock for conversion pursuant to the terms of the note.

(xiv) a \$50,000, 10% convertible note due December 15, 2015. The Company has recorded a beneficial conversion discount of \$39,400 for the note. The discount is being fully amortized over the term of the notes. The note is convertible at the note holder's option at a variable conversion prices such that during the period during which the note is outstanding at 58% multiplied by the average of the three lowest closing bid prices for the common stock during the five 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").

(xv) (a) a \$27,500, 8% convertible note due February 2, 2016. The Company has recorded a beneficial conversion discount of \$27,500 for the note. The discount is being fully amortized over the term of the note. The note is convertible at the note holder's option at a variable conversion of 60% multiplied by lowest closing price in 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"); (b) \$35,000 outstanding under a \$50,000, 8% convertible note due March 16, 2016. The Company has recorded a beneficial conversion discount of \$50,000 for the note. The discount is being fully amortized over the term of the note. The note is convertible at the note holder's option at a variable conversion of 60% multiplied by the lowest closing price in 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"); (c) \$22,500, 8% convertible note due March 16, 2016. The Company has recorded a beneficial conversion discount of \$22,500 for the note. The discount is being fully amortized over the term of the note. The note is convertible at the

note holder's option at a variable conversion of 60% multiplied by the lowest closing price in 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"); (d) \$27,250,8% convertible note due March 16, 2016. The Company has recorded a beneficial conversion discount of \$27,500 for the note. The discount is being fully amortized over the term of the note. The note is convertible at the note holder's option at a variable conversion of 60% multiplied by the lowest closing price in 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 had reserved up to 7,094,000 shares of its common stock for conversion pursuant to the terms of the note.

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(xvi) (a) a \$27,500, 8% convertible note due February 2, 2016. The Company has recorded a beneficial conversion discount of \$27,500 for the note. The discount is being fully amortized over the term of the note. The note is convertible at the note holder's option at a variable conversion of 60% multiplied by lowest closing price in 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"); (b) \$42,900 outstanding under a \$50,000, 8% convertible note due March 16, 2016. The Company has recorded a beneficial conversion discount of \$50,000 for the note. The discount is being fully amortized over the term of the note. The note is convertible at the note holder's option at a variable conversion of 60% multiplied by the lowest closing price in 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"); (c) \$22,500, 8% convertible note due March 16, 2016. The Company has recorded a beneficial conversion discount of \$22,500 for the note. The discount is being fully amortized over the term of the note. The note is convertible at the note holder's option at a variable conversion of 60% multiplied by the lowest closing price in 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"); (d) \$27,250, 8% convertible note due March 16, 2016. The Company has recorded a beneficial conversion discount of \$27,500 for the note. The discount is being fully amortized over the term of the note. The note is convertible at the note holder's option at a variable conversion of 60% multiplied by the lowest closing price in 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 had reserved up to 7,094,000 shares of its common stock for conversion pursuant to the terms of the note.

(xvii) (a) a \$33,000, 8% note due November 25, 2015; and (b) a \$38,000, 8% note due January 17, 2016. The Company has recorded a beneficial conversion discount of \$51,414 for the notes. The discounts are being fully amortized over the term of the notes. The notes are convertible at the note holder's option at a variable conversion prices such that during the period during which the notes are outstanding, with all 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"). The Company has reserved up to 5,650,000 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 notes are paid in full;

(xviii) (a) two \$30,000, 8% notes both due 4/14/16. The Company has recorded a beneficial conversion discount of \$45,000 for the notes. The discounts are being fully amortized over the term of the notes. The notes are convertible at the note holder's option at a variable conversion of 60% multiplied by lowest closing price in 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 4,999,000 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 notes are paid in full.

(xix) a \$25,000, 8% note due 4/22/16. The Company has recorded a beneficial conversion discount of \$19,723 for the note. The discount is being fully amortized over the term of the note. The note is convertible at the note holder's option at a variable conversion of 60% multiplied by lowest closing price in 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 1,529,000 shares of its common stock for conversion pursuant to the terms of the notes. In the event the note is not paid when due, the interest rate is increased to twenty-two percent until the note paid in full.

(b) Notes convertible at the Company's option consist of:

(i) a \$15,000, 10% note due 4/22/16. The note is convertible at the Company's option, at a price of thirty (\$0.30) cents per share only if, prior to any conversion, the closing price of the Company's common stock has equaled or exceeded thirty (\$0.30) cents per share for ten (10) consecutive trading days. The Company issued the Noteholder 37,500 shares of its restricted common stock as an inducement for the loan. If the note is not paid in full on or before maturity, the Company shall issue the noteholder 1,000 shares of its restricted common stock for each month, or portion thereof, that the note remains unpaid.

(c) Notes with interest only convertible at Company's option consist of:

(i) a 22% note in the amount of \$10,000 due May 31, 2015 with interest convertible at the Company's option at \$1.50 per share;

(ii) a \$25,000 note due May 1, 2011, which was extended to October 31, 2013. The Company is paying the note holder 3,333 shares per month until the note is paid or renegotiated. So long as the Company pays the monthly shares this note is not in default. Interest is payable on the \$10,000 note at the Company's option and on the \$25,000 note at the holder's option in cash or in shares at the rate of \$1.50 per share;

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(iii) a \$210,000, 12.462% note due April 30, 2014, but subsequently amended to such time as the lawsuit filed by the Company (see: PART II, ITEM 1 LEGAL PROCEEDINGS) is fully adjudicated. Interest is payable quarterly with a minimum of \$600 in cash with the balance payable in cash or stock at the Company's option 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;

(iv) a \$25,000 10% note due February 2, 2016, the Company issued the note holder 110,000 shares of its common stock in connection with this loan Pursuant to the terms of this note, the Company is required to issue to the note holder 5,000 shares of its common stock for each month or portion thereof that the note remains unpaid. Interest is payable on all this note at the Company's option in cash or in shares at the rate of \$0.15 per share; and

(v) a \$15,000 5% note due May 31, 2015, the Company issued the note holder 5,000 shares of its common stock in connection with this loan.

(d) Non-convertible notes consist of:

(i) a \$25,000 note due May 31, 2015 that bears no interest. Pursuant to the terms of this note, the Company is required to issue to the note holder 1,000 shares of its common stock for each month or portion thereof that the note remains unpaid;

(ii) a \$75,000, 20% note due September 18, 2015. The Company has reserved 2,519,597 shares of the Company's restricted common stock as collateral for the loan. The Company issued this noteholder 106,700 shares of restricted common stock as inducement for the loan and 417,891 shares of common stock to extend the maturity date of the note from March 18, 2015 to September 18, 2015;

(iii) a \$30,000, 8% note due December 31, 2014. The Company agreed to issue 10,000 shares of restricted common stock as an inducement for the loan and pay the holder 1,000 shares per month for each month or fraction thereof the note remains unpaid;

(iv) a \$100,000, 8% note due July 31, 2016. This note is collateralized by a security deposit in the amount of \$76,610 held by the Company's landlord; a \$30,000, 10% note due April 20, 2016, and a \$50,000, 10% note due April 22, 2016;

(v) a \$50,000, 20% note due September 18, 2015. The Company has reserved 1,672,241 shares of the Company's restricted common stock as collateral for the loan. The Company issued this Noteholder 272,331 shares of restricted common stock as inducement for the loan; and

(vi) a \$33,500, 10% note due April 30, 2015. The Company agreed to pay the holder 1,000 shares per month for each month or fraction thereof the note remains unpaid.

Amortization of Beneficial Conversion Feature for the fiscal years ended April 30, 2015 and 2014 was \$1,013,934 and \$417,291, 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"), because 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.

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The change in fair value of the derivative liabilities of warrants outstanding at April 30, 2015 was calculated with the following average assumptions, using a Black-Scholes option-pricing model are as follows:

Significant Assumptions:

Risk free interest rate	Ranging from	0.09% to 1.32%
Expected stock price volatility		230%
Expected dividend payout		0
Expected options life in years	Ranging from	0.59 years to 4.51 years

The change in fair value of the derivative liabilities of convertible notes outstanding at April 30, 2015 was calculated with the following average assumptions, using a Black-Scholes option-pricing model are as follows:

Significant Assumptions:

Risk free interest rate	Ranging from	0.001% to 0.24%
Expected stock price volatility		230%
Expected dividend payout		0
Expected options life in years	Ranging from	0. years to 1 year

The value of the derivative liability was re-assessed as of April 30, 2015 resulting in a loss to the consolidated statement of operations of \$318,372 for the year ended April 30, 2015.

	April 30, 2015
Opening balance	\$ 601,000
Derivative liability reclassified to additional paid in capital	768,174
Derivative financial liability arising on the issue of convertible notes	554,733
Fair value adjustments	(318,372)
Closing balance	\$ 1,605,535

NOTE E - LOANS PAYABLE TO RELATED PARTIES

The Company has outstanding, non-interest bearing notes totaling \$372,093 to a Director and \$13,760 to an officer and Director as of April 30, 2015.

NOTE F - EQUITY INSTRUMENTS

The Company is authorized to issue 10,000,000 shares of preferred stock with \$0.001 par value per share, of which 35,850 shares have been designated as Series A convertible preferred stock with a \$100 stated value per share, 1,000 shares have been designated as Series B Preferred Stock with a \$10,000 per share liquidation value per share, and 200,000 shares have been designated as Series C Preferred Stock with a \$10 per share liquidation value and 750,000,000 shares of common stock with \$0.001 par value per share. The Company had 125 and 125 shares of Series A preferred stock issued and outstanding as of April 30, 2015 and 2014, respectively. The Company had 0 and 157 shares of Series B preferred stock issued and outstanding as of April 30, 2015 and 2014 and 0 and 72.45 shares to be issued in lieu of cash dividends on the Series B preferred stock shares, respectively. The Company had 0 and 0 shares of Series C preferred stock issued and outstanding as of April 30, 2015 and 2014, respectively. The Company had 43,238,320 and 20,987,353 shares of common stock issued and outstanding and shares committed to be issued of 4,609,828 and 283,777 as of April 30, 2015 and 2014, respectively.

Preferred Stock Series A.

The Series A preferred stock has a stated value of \$100 per share, carries a 6% annual cumulative dividend, payable semi-annually in arrears, and is convertible into shares of common stock at the rate of one preferred share into 8.55 shares of common stock. There were no transactions of the Series A Preferred Stock during the year ended April 30, 2015.

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Preferred Stock Series B

On July 24, 2009, the Company designated 1,000 shares as Series B Preferred Stock. The Series B Preferred Stock, with respect to dividend rights and rights upon liquidation, winding-up or dissolution, rank senior to the Company's common stock and any other class or series of preferred stock, and junior to all of the Company's existing and future indebtedness. The Series B Preferred Stock accrues dividends at an annual rate of 10%. Accrued dividends are payable upon redemption of the Series B Preferred Stock. The Company's common stock may not be redeemed while shares of Series B Preferred Stock are outstanding. The Series B Preferred Stock certificate of designations provides that, without the approval of a majority of the shares of Series B Preferred Stock, the Company cannot authorize or create any class of stock ranking as to distribution of assets upon a liquidation senior to or otherwise pari passu with the Series B Preferred Stock, liquidate, dissolve or wind-up the Company's business and affairs, or effect certain fundamental corporate transactions, or otherwise alter or change adversely the powers, preferences or rights given to the Series B Preferred Stock. The Series B Preferred Stock have a liquidation preference per share equal to the original price per share thereof plus all accrued dividends thereon upon liquidation, including upon consummation of certain fundamental corporate transactions, dissolution, or winding up of the Company's business. The shares of Series B Preferred Stock are redeemable at the Company's option on or after the fifth anniversary of the date of its issuance. During the year ended April 30, 2015, pursuant to the terms of the Series B Preferred Stock, the Company redeemed and returned to treasury all shares of Series B Preferred Stock and all shares of to be issued Series B Preferred Stock by exchanging the shares for \$2,118,309 of note subscription receivables and \$193,011 of interest receivable thereon. Subsequent to this redemption, there were no shares of Series B Preferred Stock outstanding and there were no shares of Series B Preferred Stock payable.

Preferred Stock Series C

In November 2009, the Company authorized a new series of 200,000 shares of preferred stock designated as Series C Convertible Preferred Stock, each share having a par value of \$0.001 per share. The Series C Preferred Stock shall, upon liquidation, winding-up or dissolution, rank: (a) senior to the Company's common stock and any other class or series of preferred stock of the Company which by their terms are junior to the Series C Preferred Stock (collectively, together with any warrants, rights, calls or options exercisable for or convertible into such Preferred Stock, the "Junior Shares"); (b) junior to all existing and future indebtedness of the Company; and (c) junior to the Company's Series A and Series B Preferred Stock. The Series C Preferred Stock is not entitled to receive any dividends, has a liquidation value of \$10.00 per share, redeemable at the Company's option at \$10.00 per share, and is convertible at the option of the holder into shares of common stock as follows: the number of such shares of common stock to be received for each share of Series C Preferred Stock so converted shall be determined by (A) dividing the number of shares of Series C Preferred Stock to be converted by the weighted average closing price per share of the Company's common stock for the ten (10) trading days immediately preceding the date on which the Company agrees to issue shares of Series C Preferred Stock to such holder multiplied by (B) the Series C liquidation value. There were zero and zero shares issued and outstanding at April 30, 2015 and 2014, respectively.

Common Stock

During the fiscal years ended April 30, 2015 and 2014, the Company expensed \$430,402 and \$398,149, respectively, for non-cash charges related to stock and option compensation expense.

During the fiscal year ended April 30, 2015, the Company:

sold 9,655,415 shares of common stock to eighteen accredited investors for \$978,866,
issued 9,487,478 shares of common stock upon the conversion of convertible notes and accrued interest in the amount of \$684,788, of which 122,451 shares were classified as to be issued at April 30, 2014 and 1,963,350 shares remained to be issued at April 30, 2015,
issued 1,353,830 shares of common stock with 51,000 shares of common stock to be issued at April 30, 2015 valued at \$181,912 pursuant to terms of various notes of which 24,809 shares were classified as to be issued at April 30, 2014,
issued 1,234,959 shares of common stock valued at \$352,942 pursuant to consulting agreements, of which 60,000 shares remained to be issued,
issued 538,160 shares of common stock in payment of \$80,154 in accounts payable of which 20,000 shares were classified as to be issued at April 30, 2014, and 100,000 were classified as to be issued at April 30, 2015.
issued 31,780 shares of common stock valued at \$77,460 to three employees in exchange for their outstanding stock purchase options.

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NOTE G – NON-CONTROLLING INTEREST

For the fiscal years ended April 30, 2015 and 2014, the non-controlling interest is summarized as follows:

	Amount
Balance at April 30, 2013	\$ 723,191
Noncontrolling interest's share of losses	(53,767)
Balance at April 30, 2014	\$ 669,424
Noncontrolling interest's share of losses	(17,076)
Balance at April 30, 2015	\$ 652,348

NOTE H – 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 that are required to be carried on a recurring basis as of April 30, 2015:

	Fair Value at April 30, 2015	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Derivative liability	\$ 1,605,535	-	-	\$ 1,605,535
Derivative liability	\$ 1,605,535	-	-	\$ 1,605,535

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

Derivative liability — these instruments consist of certain variable conversion features related to notes payable obligations and certain outstanding warrants. These instruments were valued using pricing models, which incorporate

the Company's stock price, volatility, U.S. risk free rate, dividend rate and estimated life.

NOTE I - INCOME TAXES

At April 30, 2015 and 2014, the Company has available for federal income tax purposes a net operating loss carry forward of approximately \$36,891,436 and \$32,060,454, respectively, that may be used to offset future taxable income. The Company has provided a valuation reserve against the full amount of the net operating loss benefit, since in the opinion of management based upon the earnings history of the Company; it is more likely than not that, the benefits will not be realized. Also, due to change in the control after reverse acquisition of Sparta Commercial Services, Inc., the Company's past accumulated losses to be carried forward may be limited.

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Components of deferred tax assets as of April 30, 2015 and 2014 are as follows:

	2015	April 30, 2014
Noncurrent:		
Net operating loss carry forward	\$ 10,329,233	\$ 8,976,606
Valuation allowance	(10,329,233)	(8,976,606)
Net deferred tax asset	\$ -	\$ -

The valuation allowance and increased by \$1,352,627 and \$908,514 during the years ended April 30, 2015 and 2014, respectively.

NOTE J - STOCK OPTIONS AND WARRANTS

Options:

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

During the year ended April 30, 2007, the Company granted options to purchase an aggregate of 57,334 shares of common stock to one employee and one Director. 53,334 of the options are exercisable at a price of \$14.355 per share and 4,000 are exercisable at \$9.00 per share. At grant date, 13,334 options vested immediately. The vested and unvested options were initially valued at \$636,433 using the Black-Scholes option-pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 131%; (3) risk-free interest rate of 5.04% and 5.24%, vest over a 36-month period and expire if unexercised in five years. 41,334 of these options have expired.

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

During the year ended April 30, 2011, the Company issued stock options, exercisable at \$1.875 per share until May 12, 2015, subject to vesting at the rate of 20% on the grant date, 40% on May 12, 2012, and 40% on May 12, 2014, to the following officers and directors: Anthony Havens, 88,967 options; Kristian Srb, 32,867 options; Richard Trotter, 53,550 options; Jeffrey Bean, 12,750 options; Anthony Adler, 53,267 options; and Sandra Ahman, 41,934 options. The vested and unvested options were initially valued at \$409,790 using the Black-Scholes option-pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 271; (3) risk-free interest rate of 0.89%, vest over a 36-month period and expire if unexercised in five years. \$163,322 of the remaining initial value were charged to expense in fiscal year end 2013.

During the year ended April 30, 2011, the Company issued to four employees under the Company's 2005 Stock Incentive Compensation Plan options to purchase a total of 28,667 shares of common stock at \$1.65 per share until

December 1, 2018, subject to vesting at the rate of 40% on the grant date, 20% on December 1, 2011, 20% on December 1, 2014 and 20% on December 1, 2015. As of April 30, 2011, the vested and unvested options were initially valued at \$42,961 using the Black-Scholes option-pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 250; (3) risk-free interest rate of 2.33%, vest over a 48-month period and expire if unexercised in ten years. \$6,444 and \$8,592 of the initial value were charged to expense in fiscal year end 2014 and 2013, respectively.

During the year ended April 30, 2012, the Company issued to two directors, 13,334, five year options each. The options are exercisable at \$0.60 per share and have been valued at \$5,955 each using the Black-Scholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 227%; (3) risk-free interest rate of 0.41%, vest over a 36-month period and expire if unexercised in five years. The Company charged \$4,764 and \$4,170 to expenses for the fiscal years ended 2014 and 2013, respectively.

During the fiscal year ended April 30, 2015, four employees agreed to exchange 3,999 options exercisable at \$7.50 per share and 28,667 options exercisable at \$ 1.65 per share for 113,338 shares of the Company's common stock, valued at \$77,460. The shares will vest as follows: 37,780 shares on June 30, 2014; 37,777 shares on June 30, 2015; and 37,777 shares on June 30, 2016. Only 31,780 shares of the initial 37,780 shares were issued during the year ended April 30, 2015. The shares were authorized/issued from the 2005 Stock Incentive Compensation Plan.

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Pursuant to resolutions of the Company's Board of Directors in August 2014, the exercise price on the 327,335 options held by the Company's officers and directors was reduced to \$0.50 per share from exercise prices ranging from \$0.60 to \$14.355, and the expiration dates were extended by two years. The \$63,149 valuation of this action was fully expensed during the year.

No options were granted during the fiscal year ended April 30, 2015.

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

Options Outstanding			Options Exercisable		
Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price	
327,335	2.22	\$ 0.50	327,335	\$ 0.50	

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

	Number of Shares	Weighted Average Price Per Share
Outstanding at April 30, 2013	379,667	\$ 3.20
Granted	-	-
Exercised	-	-
Canceled or expired	(19,666)	(20.05)
Outstanding at April 30, 2014	360,001	\$ 2.41
Granted	-	-
Exercised	(32,666)	(2.37)
Canceled or expired	-	-
Outstanding at April 30, 2015	327,335	\$ 0.50

No options were granted during the fiscal years ended April 30, 2015 and 2014.

Warrants:

No warrants were granted during the year ended April 30, 2014.

During the year ended April 30, 2015, the Company issued two warrants to purchase an aggregate of 190,000 shares of common stock to a consultant. The warrant to purchase 150,000 shares were initially valued at \$30,918 using the Black-Sholes option-pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 140%, (3) risk-free interest rate of 0.95%, and (4) expected life of 3 years. The warrant to purchase 40,000 shares were initially valued at \$7, 707 using the Black-Sholes option-pricing model with the following assumptions:

(1) dividend yield of 0%; (2) expected volatility of 140%, (3) risk-free interest rate of 1.62%, and (4) expected life of 5 years. The warrants have exercise prices of \$0.40 and \$0.80 respectively, and are fully vested.

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

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

Exercise Prices	Warrants Outstanding			Warrants Exercisable		
	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price	
\$ 1.275	25,938	.86	\$ 1.275	25,938	\$ 1.275	
\$ 0.8475	123,145	1.15	\$ 0.8475	123,145	\$ 0.8475	
\$ 0.80	20,000	2.67	\$ 0.80	20,000	\$ 0.80	
\$ 0.75	21,680	1.30	\$ 0.75	21,680	\$ 0.75	
\$ 0.65	40,000	5	\$ 0.65	40,000	\$ 0.65	
\$ 0.60	40,000	2.16	\$ 0.60	40,000	\$ 0.60	
\$ 0.40	150,000	2	\$ 0.40	150,000	\$ 0.40	
	420,763	1.02	\$ 0.66	420,763	\$ 0.66	

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

	Number of Shares	Weighted Average Exercise Price Per Share
Outstanding at April 30, 2013	439,196	\$ 1.27
Granted	-	-
Exercised	-	-
Canceled or expired	(41,311)	(5.40)
Outstanding at April 30, 2014	397,885	1.99
Granted	190,000	0.45
Exercised	(167,122)	(0.8475)
Canceled or expired	-	-
Outstanding at April 30, 2015	420,763	\$ 0.66

No non-employee warrants were granted during the year ended April 30, 2014. The weighted-average fair value of stock warrants granted to non-employees during the year ended April 30, 2015 was \$0.20, and the weighted-average significant assumptions used to determine those fair values, using a Black-Scholes option-pricing model are as follows:

	2015	2014
Significant assumptions (weighted-average):		
Risk-free interest rate at grant date	1.09%	-

Expected stock price volatility	140%	-
Expected dividend payout	-	-
Expected option life-years	3.42	-

The amount of the initial expenses charged to operations for compensatory warrants granted in exchange for services was \$38,625 for the year ended April 30, 2015.

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

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NOTE K - COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments

Our executive offices are located at 370 Lexington Avenue, Suite 1806, New York, NY 10017. We have an agreement for use of office space at this location under a sub-lease expiring on June 29, 2015. The office space contains approximately 2,800 square feet. For the year ended April 30, 2015, the rent was \$185,213. For the year ending April 30, 2016, the rent is \$229,830 and for the remaining two months of our sub-lease ending June 30, 2016 the rent is \$38,305.

Employment and Consulting Agreements

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

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

The Company entered into an employment agreement, dated as of July 12, 2004, with Anthony L. Havens, our Chief Executive Officer. The employment is for a term of five years. The employment term is to be automatically extended for one five-year period, and additional one-year periods, unless written notice is given three months prior to the expiration of any such term that the term will not be extended. The agreement was automatically extended for one year on July 12, 2015. He is entitled to six weeks of paid vacation per year, and health insurance, short-term and long-term disability insurance, retirement benefits, fringe benefits, and other employee benefits on the same basis as is generally made available to other senior executives. He did not receive any equity compensation as part of this agreement.

Litigation

As at April 30, 2015, we were not a party to any material pending legal proceeding except as stated below. From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business.

On December 18, 2012, the Company filed suit in the United States District Court for the Southern District Court of New York against a former credit provider. The suit sought damages arising out of the credit provider's termination of the Company's credit line in 2009. The defendant counterclaimed for recovery of legal fees under an indemnification clause contained in one of the loan documents. The matter proceeded to trial in May 2015, and the Court thereafter issued a decision finding in favor of the defendant on the Company's claims. The defendant now seeks recovery of approximately \$2 million in legal fees, relying on the contractual indemnity clause. The Company believes that it has good and valid defenses to the claim, including that the indemnification clause only applies to third party claims; however, there can be no assurance that the Court will agree with the Company's arguments. The defendant's motion is currently scheduled to be heard in September 2015. The Company is currently considering an appeal of the Court's decision on the Company's claims.

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NOTE L - NON-CASH FINANCIAL INFORMATION

Subsequent to April 30, 2015 the Company:

During the year ended April 30, 2015, the Company:

- Issued 167,260 shares of common stock that were classified as to be issued at April 30, 2014.
- Issued 1,353,830 shares of common stock (of which, 51,000 shares remained to be issued at April 30, 2015) valued at \$181,912 pursuant to the terms of various notes.
- Derivative liability reclassification of \$768,174.
- Issued 9,883,187 shares of common stock (of which 2,063,350 shares remained to be issued at April 30, 2015) for conversion of notes, interest, and accounts payable of \$764,942.

During the year ended April 30, 2014, the Company:

- Issued 567,240 shares of common stock that were classified as to be issued at April 30, 2013.
- Issued 158,766 shares of common stock valued at \$113,260 pursuant to the terms of various notes.
- Derivative liability reclassification of \$518,379.
- Issued 1,888,804 shares for conversion of notes, interest, and accounts payable of \$776,686.
- Issued 20,000 shares of common stock, valued at \$6,200, to a note holder as inducement.

NOTE M - SUBSEQUENT EVENTS

Subsequent to April 30, 2015 the Company:

- Sold 760,456 shares of restricted common stock to an accredited investor for \$20,000.
- Issued 391,059 shares of restricted common stock valued at \$11,078 to two six-note holders pursuant to the terms of their notes.
- Issued 2,846,000 shares of restricted common stock valued at \$82,080 to two consultants.
- Issued 2,024,371 shares restricted common stock that had been classified as to be issued at April 30, 2015.
- Issued 340,000 shares of common stock in partial settlement of \$14,500 of accounts payable.
- Issued 22,049,916 shares of common stock to ten note holders upon conversion of \$374,152 of notes payable.
- Issued 35,056 shares of common stock to three employees pursuant to vesting terms of prior stock grant awards.
- Repaid \$173,000 of convertible notes.
- Borrowed a \$33,000, 8% note due February 21, 2016 and a \$38,000 8% note due April 17, 2016. Both notes are convertible at the note holder's option at a variable conversion prices such that during the period during which the notes are outstanding, with all 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"). 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.
- Borrowed a \$55,000, 8% note due April 30, 2016 and a \$100,000 8% note due April 30, 2016. Both notes are convertible at the note holder's option at a variable conversion prices such that during the period during which the notes are outstanding, with all notes convertible at 58% multiplied by the average of the three lowest trading price 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”). In the event the notes are not paid when due, the interest rate is increased to twenty-four percent until the note is paid in full.

- Borrowed a \$55,000 8% convertible note due May 27, 2016, and a \$58,000 8% convertible note due July 8, 2016 of which \$25,000 was due to be paid July 29, 2015. The notes are convertible at a 40% discount from the lowest closing price for the twenty trading days prior to conversion. In the event the notes are not paid when due, the interest rate is increased to fifteen percent until the notes are paid in full.
- Borrowed a \$31,900 10% convertible note due July 28, 2016. The note is convertible at a 42% discount from the lowest closing price for the twenty trading days prior to conversion. In the event the notes are not paid when due, the interest rate is increased to fifteen percent until the notes are paid in full.

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- Borrowed \$27,500, (the initial tranche of a \$165,000 5% convertible note) due June 15, 2016. 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 Company 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 of each note 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 for the notes is the lesser of \$0.60 or 70% of the lowest closing price during the 20 trading days immediately before the day the conversion notice is delivered to the Company.
- Borrowed a \$22,500, 8% convertible note due July 19, 2016. The note is convertible at the note holder's option at a variable conversion of 60% multiplied by lowest closing bid price in 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"). In the event the notes are not paid when due, the interest rate is increased to twenty-four percent until the notes are paid in full.
- Borrowed a \$50,000, 8% convertible note due June 2, 2016. The note is convertible at the note holder's option at a variable conversion of 60% multiplied by lowest closing bid price in 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"). In the event the notes are not paid when due, the interest rate is increased to twenty-four percent until the notes are paid in full.
- Borrowed from four accredited investors, four one-year notes at 10% interest as follows: \$25,000 due June 29, 2016, \$10,000 due June 29, 2016, \$5,000 due July 20, 2016, and \$21,000 due July 22, 2016. As inducement for the notes, the Company agreed to issue such number of shares of the Company's common stock that equaled two-and-one-half times the amount of the note. The notes are convertible at \$0.30 per share at the Company's option if, and only if the closing price of Company's common stock meets or exceeds \$0.30 per share for ten consecutive trading days prior to any conversion.
- Borrowed from three accredited investors, nine one-year notes at 10% interest as follows: \$50,000 due May 5, 2016, \$32,000 due May 13, 2016, \$50,000 due May 18, 2016, \$20,000 due May 28, 2016, \$25,000 due May 29, 2016, \$50,000 due June 24, 2016, \$22,500 due July 8, 2016, \$20,000 due July 14, 2016, and \$25,000 Due July 31, 2016. As inducement for the notes, the Company agreed to issue such number of shares of the Company's common stock that equaled two-and-one-half times the amount of the note.

NOTE N - GOING CONCERN MATTERS

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying consolidated financial statements during the period October 1, 2001 (date of inception) through April 30, 2015, the Company has incurred a cumulative net loss of \$49,178,453. During the year ended April 30, 2015, the Company incurred a net loss of \$4,921,148. As of April 30, 2015, the Company had a deficit net worth of \$5,939,102. These factors among others may indicate that the Company will be unable to continue as a going concern for a reasonable period of time.

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

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

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

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Exchange Act that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure. We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Principal Financial Officer, of the effectiveness of our disclosure controls and procedures as of April 30, 2015. Based on the evaluation of these disclosure controls and procedures, and in light of the material weaknesses found in our internal controls, the Chief Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were not effective.

Management Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) of the Exchange Act. Under the supervision and with the participation of our Chief Executive Officer and Principal Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of April 30, 2015 using the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. In our assessment of the effectiveness of internal control over financial reporting as of April 30, 2015, we determined that control deficiencies existed that constituted material weaknesses, as described below:

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

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

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

As a result of the material weaknesses described above, management has concluded that we did not maintain effective internal control over financial reporting as of April 30, 2015 based on criteria established in Internal Control—Integrated

Framework issued by COSO.

RBSM LLP, an independent registered public accounting firm, was not required to and has not issued a report concerning the effectiveness of our internal control over financial reporting as of April 30, 2015.

Changes in Internal Controls

During the fiscal year ended April 30, 2015, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATION GOVERNANCE

Our Management

The following table sets forth our executive officers and directors and their respective ages and positions as of August 1, 2015.

Name	Age	Position
Anthony L. Havens	61	Chief Executive Officer, President, and Chairman
Kristian Srb	60	Director
Jeffrey Bean	62	Director
Anthony W. Adler	75	Executive Vice President and Principal Financial Officer
Richard P. Trotter	72	Chief Operating Officer
Sandra L. Ahman	52	Vice President, Secretary and Director

Management Profiles

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

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

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

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

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

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

Board of Directors Information and Corporate Governance

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

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

Our Board of Directors does not currently maintain a separately designated standing audit, nominating, or compensation committee, or other similar committee, of the Board of Directors, and we do not have audit, nominating, or compensation committee, or other similar charter. Functions customarily performed by such

committees are performed by our Board as a whole as our operations have been limited and we have had a small number of officers and a small number of directors since inception. We are not required to maintain such committees under the applicable rules of the OTC Bulletin Board. None of our directors qualifies as an "audit committee financial expert." As all of our Board members are officers or nominees of a substantial stockholder who may not be deemed independent, we have not established separate Board committees.

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

Code of Ethics

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

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires Sparta's executive officers, directors, and persons who beneficially own more than ten percent of Sparta's common stock to file with the Securities and Exchange Commission initial reports of beneficial ownership and reports of changes in beneficial ownership of Sparta's common stock. Such persons are also required by Securities and Exchange Commission regulations to furnish Sparta with copies of all such Section 16(a) forms filed by such person. Based solely on a review of the copies of such reports furnished to Sparta in connection with the fiscal year ended April 30, 2015, Sparta is not aware of any material delinquencies in the filing of such reports.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation

The table below sets forth information concerning the compensation we paid to our Chief Executive Officer and our next two most highly compensated executive officers who served during our fiscal year ended April 30, 2015 ("Named Executive Officers").

Name and Principal Position	Year	Salary (\$)(a)	Bonus (\$)	Stock Awards (\$)(b)	Option Awards (\$)(b)(b)	All Other Compensation (\$)(c)	Total (\$)
Anthony L. Havens Chief Executive Officer	2015	280,000		-	-	45,586	325,586
	2014	280,000		-	-	106,615	386,615
Anthony W. Adler Executive Vice President and Principal Financial Officer	2015	185,000	-	-	-	-	185,000
	2014	185,000	-	-	-	-	185,000
Richard P. Trotter Chief Operating Officer	2015	100,000	-	-	-	-	100,000
	2014	100,000	-	-	-	-	100,000

(a) For Mr. Adler includes accrued; unpaid net salary of \$112,018, \$119,025, and \$78,420 at year end 2015, 2014 and 2013, respectively. For Mr. Trotter, includes accrued; unpaid net salary of \$74,754 and \$52,198 at year end 2015 and 2014, respectively

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

(c) This column reports the total amount of perquisites and other benefits provided, if such total amount exceed \$10,000. In fiscal 2015 and 2014, for Mr. Havens, this includes \$45,586 and \$106,615, respectively, for garage rental, life insurance and reimbursement of unused vacation time.

In general, compensation payable to a Named Executive Officer consists of a base salary, a stock or stock option award, and may include a cash bonus. During our 2015 fiscal year, we had in effect a written employment agreement

with the Mr. Havens. Our compensation system has generally not been tied to performance-based conditions other than the passage of time.

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Employment Agreement with CEO

We entered into an employment agreement, dated as of July 12, 2004, with Anthony L. Havens who serves as our Chief Executive Officer. The agreement was for an initial term of five years, and provided for automatic extensions for one five-year period and for additional one-year periods, unless written notice is given three months prior to the expiration of any such term that the term will not be extended. The agreement was automatically extended for one year in July 2015. His base salary is at an annual rate of \$280,000. He is entitled to defer a portion of his base salary each year. He is entitled to annual increases in his base salary and other compensation as may be determined by the Board of Directors. He is entitled to a \$1,000,000 term insurance policy. He is entitled to six weeks of paid vacation per year, health insurance, short term and long-term disability insurance, retirement benefits, fringe benefits, and other employee benefits on the same basis as is generally made available to other senior executives. He is entitled to reimbursement of reasonable business expenses incurred by him in accordance with company policies. If terminated, he is entitled to three months of severance for up to six months of service for each year of employment, plus full participation in all standard employee benefits during the period of severance payments. The employment agreement provides for termination for cause. If he resigns for good reason or is terminated without cause within twelve months after a change in control, he is entitled to receive an additional lump sum payment equal to the greater of the severance payment or the balance of his base salary for the remaining employment term, continued coverage under any welfare benefits plans for two years, and full vesting of any account balance under a 401(k) plan. For purposes of the employment agreement, a change in control refers to:

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

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

Outstanding Equity Awards at Fiscal Year End

The following table sets forth information concerning outstanding equity awards held by the Name Executive Officers as at April 30, 2015.

Name	Option Awards				Stock Awards	
	Number of securities underlying unexercised options (#) Exercisable	Number of securities underlying unexercised options (#) Unexercisable	Option exercise price (\$)(3)	Option expiration date(3)	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested (\$)
	88,967	-	0.50	5/12/2017	-	-

Anthony L. Havens (1)						
Anthony W. Adler (2)	16,000	-	0.50	9/21/2016	-	-
Anthony W. Adler (1)	53,267	-	0.50	5/12/2017	-	-
Sandra H. Ahman (1)	41,933	-	0.50	5/12/2017	-	-
Richard P. Trotter (1)	53,550	-	0.50	5/12/2017	-	-

- (1) Granted pursuant to an option agreement dated May 12, 2011. The options are exercisable, subject to vesting, for a period of five years from the grant date at \$1.875 per share. See note (3)
- (2) Granted pursuant to an option agreement dated September 22, 2006. The options are exercisable for a period of five years from the vesting date at \$14.355 per share. See note (3)
- (3) Pursuant to resolutions of the Company's Board of Directors in August 2014, the exercise price on the 327,333 options held by the Company's officers and directors was reduced to \$0.50 per share from exercise prices ranging from \$0.60 to \$14.355, and the expiration dates were extended by two years. The \$63,149 valuation of this action was fully expensed during the year.

No options were granted during the fiscal year ended April 30, 2015.

Compensation of Directors

In fiscal 2015, non-employee directors received no compensation.

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

Securities Authorized for Issuance under Equity Compensation Plans

The following table summarizes our equity compensation plan information as of April 30, 2015.

Plan category	Number of shares issued during the year ended April 30, 2015	Number of securities to be issued upon exercise of options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plan
Equity compensation plans approved by securities holders				
2005 Plan	113,334 (1)	-	-	-
Equity compensation plans not approved by security holders				
2009 Plan	238,160	-	-	116,270
2014 Plan	200,000	-	-	2,800,000
Total	551,494	-	-	2,916,270

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

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

(1) The shares vest as follows: 37,780 shares on June 30, 2014; 37,777 shares on June 30, 2015; and 37,777 shares on June 30, 2016.

Plans in the Shareholder Approved Category

In July 2004, we adopted our 2005 Stock Incentive Compensation Plan (the "2005 Plan"). The 2005 Plan authorizes our Board of Directors to grant securities, including stock options, to employees, directors and others, in the aggregate amount of 113,334 shares of common stock. Securities issued under the plan may be stock awards, non-qualified options, incentive stock options, or any combination of the foregoing. In general, stock options granted under the plan have a maximum duration of ten years from the date of the grant and are not transferable. The per share exercise price of any incentive stock option granted under the plan may not be less than the fair market value of the common stock on the date of grant. Incentive stock options granted to persons who have voting control over ten percent or more of our capital stock are granted at 110% of fair market value of the underlying common stock on the date of grant and expire five years after the date of grant. No awards may be granted after July 1, 2014. In June 2015, four employees agreed to exchange 3,999 options exercisable at \$7.50 per share and 28,667 options exercisable at \$ 1.65 per share for 113,334 shares of the Company's common stock, valued at \$77,460. The shares will vest as follows: 37,780 shares on June 30, 2014; 37,777 shares on June 30, 2015; and 37,777 shares on June 30, 2016. Only 31,780 shares of the initial 37,780 shares were issued during the year ended April 30, 2015.

As of April 30, 2015, no options to purchase shares of common stock were outstanding under the plan.

Plans Not in the Shareholder Approved Category

On November 1, 2004, pursuant to an employment agreement with Richard P. Trotter, our Chief Operating Officer, we granted an award of 1,667 shares of our common stock, subject to vesting and subject to continued employment. As of April 30, 2015, Mr. Trotter was vested with 1,667 shares.

On September 22, 2006, pursuant to an option agreement with Anthony W. Adler, our Executive Vice President, we issued stock options to purchase up to 53,334 shares of a common stock, exercisable at \$14.355 per share until September 22, 2015. Options to purchase 37,334 shares have expired. The remaining 16,000 options expire September 22, 2015. Pursuant to resolutions of the Company's Board of Directors in August 2014, the exercise price of the options was reduced to \$0.50 per share and the expiration date extended to September 22, 2016.

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On October 23, 2006, pursuant to an option agreement with Jeffrey Bean, one of our directors, we issued stock options to purchase up to 6,667 shares of common stock, exercisable at \$7.50 per share until October 23, 2015. All but 1,333 of these options have expired. Pursuant to resolutions of the Company's Board of Directors in August 2014, the exercise price of the options was reduced to \$0.50 per share and the expiration date extended to October 22, 2016.

In the fiscal year ended April 30, 2010, we issued four warrants to purchase an aggregate of 34,501 shares of common stock to three consultants valued at \$119,923. The warrants are exercisable at \$0.8475 per share and expire on various dates from July 12, 2015 to June 22, 2016.

On May 12, 2010, we issued stock options, exercisable at \$1.875 per share until May 12, 2015, subject to vesting at the rate of 20% on the grant date, 40% on May 12, 2011, and 40% on May 12, 2012, to the following officers and directors: Anthony Havens, 88,967 options; Kristian Srb, 32,867 options; Richard Trotter, 53,550 options; Jeffrey Bean, 12,750 options; Anthony Adler, 53,267 options; and Sandra Ahman, 41,934 options. Pursuant to resolutions of the Company's Board of Directors in August 2014, the exercise price of the options was reduced to \$0.50 per share and the expiration date extended to May 12, 2017.

On November 22, 2011, we issued stock options, exercisable at \$0.60 per share until November 22, 2016, subject to vesting at the rate of 20% on the grant date, 40% on November 22, 2012, and 40% on November 22, 2014, to the following directors: Kristian Srb, 13,334 options, and Jeffrey Bean, 13,334 options. Pursuant to resolutions of the Company's Board of Directors in August 2014, the exercise price of the options was reduced to \$0.50 per share and the expiration date extended to November 22, 2018.

In the fiscal year ended April 30, 2011, we issued five warrants to purchase an aggregate of 23,977 shares of common stock to a consultant valued at \$105,235. The warrants are exercisable at \$1.275 per share and expire on various dates from December 1, 2015 to April 30, 2016. Additionally, we issued six warrants to purchase an aggregate of 88,642 shares of common stock to three consultants valued at \$180,963. The warrants are exercisable at \$0.8475 per share and expire on various dates from June 15, 2016 to January 20, 2017.

In the fiscal year ended April 30, 2012, we issued four warrants to purchase an aggregate of 43,641 shares of common stock to a consultant valued at \$33,007. 1,961 warrants are exercisable at \$1.275 and expire May 31, 2016; 21,680 warrants are exercisable at \$0.75 and expire in August 2016; and 20,000 warrants are exercisable at \$0.60 and expire March 30, 2017.

In the fiscal year ended April 30, 2013, we issued two warrants to purchase an aggregate of 40,000 shares of common stock to a consultant valued at \$33,801. 20,000 warrants are exercisable at \$0.80 and expire December 31, 2017, and 20,000 warrants are exercisable at \$0.60 and expire September 20, 2017.

No warrants were issued in the year ended April 30, 2014.

In the fiscal year ended April 30, 2015, we issued to a consultant five year fully vested warrants to purchase 40,000 shares of common stock exercisable at \$0.65 per share, which were valued at \$7,707 and expire November 1, 2019. In addition, we issued to another consultant, three year fully vested warrants to purchase 150,000 shares of common stock exercisable at \$0.40 per share, which were valued at \$30,918 and expire March 24, 2017.

In May 2009, the Company's Board of Directors authorized a 2009 Consultant Stock Plan covering 133,334 shares of the Company's common stock for purposes of compensation of certain consultants. Effective June 12, 2013 the Plan was amended to increase the authorized number of shares by 500,000 bringing the total number of authorized shares to 633,333. During the fiscal years ended April 30, 2015 and 2014, the Company issued 238,160 and 170,000 shares, respectively under the plan. As of April 30, 2015, 116,270 shares were available for issuance pursuant to the plan.

In October 2014, the Company's Board of Directors approved the "2014 Equity Incentive Plan" authorizing the issuance of up to 3,000,000 shares of the Company's common stock or common stock purchase options. The purpose of the 2014 Equity Incentive Plan (the "2014 Plan") is to advance the interests of Sparta Commercial Services, Inc. (the "Company") and its shareholders by enabling the Company and its Subsidiaries to attract and retain persons of ability to perform services for the Company and its Subsidiaries by providing an incentive to such individuals through equity participation in the Company and by rewarding such individuals who contribute to the achievement by the Company of its economic objectives. The shares underlying the 2014 Plan were registered on Form S-8 with the Securities and Exchange Commission on November 3, 2014. During the fiscal year ended April 30, 2015, 200,000 shares of common stock were issued under the 2014 Plan.

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Common Stock Ownership

The table below sets forth information regarding the beneficial ownership of our common stock as of July 31, 2015 by: each of our directors; each of our executive officers; all of our executive officers and directors as a group; and each person known by us to be the beneficial owner of more than 5% of our common stock.

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

Name (a)	Number of Shares Beneficially Owned	Percentage of Class Beneficially Owned
Anthony L. Havens (1)	348,085	0.80%
Kristian Srb (2)	445,144	1.02%
Jeffrey Bean (3)	31,032	0.07%
Anthony W. Adler (4)	121,833	0.28%
Richard P. Trotter (5)	121,138	0.28%
Sandra L. Ahman (6)	49,678	0.11%
All current directors and named officers as a group (6 in all)	1,116,910	2.25%

- (a) Unless indicated otherwise, the address for each person named in the table is c/o Sparta Commercial Services, Inc., 370 Lexington Avenue, Suite 1806, New York, NY 10017.
- (1) Mr. Havens' minor son owns approximately 50,000 shares of common stock in a trust account. Mr. Havens is not the trustee for his son's trust account, and does not have the sole or shared power to vote or direct the vote of such shares. Mr. Havens disclaims beneficial ownership of such shares held in his son's trust account.
Includes 88,967 vested options, all exercisable at \$0.50 per share until May 12, 2017.
- (2) Includes 32,867 vested options, all exercisable at \$0.50 per share until May 12, 2017. And, 13,333 vested stock options, all exercisable at \$0.50 until November 22, 2018.
- (3) Includes 1,333 vested stock options, exercisable at \$0.50 per share until October 23, 2016, and 12,750 vested options all exercisable at \$0.50 per share until May 12, 2017. And, 13,333 vested stock options all exercisable at \$0.50 until November 22, 2018.
- (4) Includes 16,000 vested stock options, exercisable at \$0.50 per share until September 22, 2016, and 44,445 shares held by The Anthony W. Adler Irrevocable Trust, dated October 1, 2009. Includes 53,267 vested stock options, exercisable at \$0.50 per share until May 12, 2017.
- (5) Includes 1,667 vested shares and 44,445 shares held by The Richard and Kay Trotter Trust Established March 18, 2009. Includes 21,476 shares to be issued to Mr. Trotter in lieu of salary. Includes 53,550 vested stock options, all exercisable at \$0.500 per share until May 12, 2017.
- (6) Includes 41,993 vested stock options, all exercisable at \$0.50 per share until May 12, 2017.

Changes in Control

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

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

During the fiscal year ended April 30, 2014, we repaid Kristian Srb, one of our directors \$7,407. There were no transactions with our Directors during the fiscal year ended April 30, 2015. As of April 30, 2015, we owed Mr. Srb \$372,093.

Director Independence

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

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ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

Fees for audit services provided by RBSM LLP, our principal independent registered public accounting firm, during the fiscal years ended April 30, 2015 and 2014 were \$115,000 and \$110,000, respectively. Audit fees consist of the aggregate fees billed for the audits of our annual financial statements, the reviews of our quarterly financial statements, and services that are normally provided in connection with statutory and regulatory filings or engagements for those fiscal years.

Audit-Related Fees

Fees for audit-related services provided by our principal independent registered public accounting firm during the fiscal years ended April 30, 2015 and 2014 were \$0. Audit-related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements outside of those fees disclosed above under the caption Audit Fees.

Tax Fees

Fees for tax services provided by our principal independent registered public accounting firm during the fiscal years ended April 30, 2015 and 2014 were \$0. Tax fees consist of fees billed for tax compliance, tax advice, and tax planning.

All Other Fees

There were no other fees billed for services our principal independent registered public accounting firm for the fiscal years ended April 30, 2015 and 2014.

Pre-Approval Policies and Procedures

Our Board of Directors has a policy that requires pre-approval of all audit, audit-related, tax services, and other services, including non-audit services, performed by our independent registered public accounting firm. All services performed by our principal independent registered public accounting firm, and all fees paid, in our fiscal years ended April 30, 2015 and 2014 were pre-approved. The Board of Directors is responsible for matters typically performed by an audit committee. We do not presently have a separate audit committee of the Board of Directors. The Board of Directors considered whether, and determined that, the auditor's provision of audit and non-audit services was compatible with maintaining the auditor's independence.

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ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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

(1) Index to Consolidated Financial Statements

Report of Registered Independent Certified Public Accounting Firm

Consolidated Balance Sheets as of April 30, 2015 and 2014

Consolidated Statements of Losses for the years ended April 30, 2015 and 2014

Consolidated Statement of Deficit for the two years ended April 30, 2015

Consolidated Statements of Cash Flows for the years ended April 30, 2015 and 2014

Notes to Consolidated Financial Statements

(2) Index to Financial Statement Schedules

Not required.

(3) Index to Exhibits

Exhibit Number	Description of Exhibit
3(i)(1)	Articles of Incorporation of Tomahawk Oil and Minerals, Inc. (Incorporated by reference to Exhibit 3(i) (1) of Form 10-KSB filed on August 13, 2004)
3(i)(2)	Certificate of Amendment of Articles of Incorporation, November 1983 (Incorporated by reference to Exhibit 3(i) (2) of Form 10-KSB filed on August 13, 2004)
3(i)(3)	Certificate of Amendment of Articles of Incorporation for name change, August 2004 (Incorporated by reference to Exhibit 3(i) of Form 8-K filed on August 27, 2004)
3(i)(4)	Certificate of Amendment of Articles of Incorporation for increase in authorized capital, September 2004 (Incorporated by reference to Exhibit 3(i) of Form 8-K filed on September 17, 2004)
3(i)(5)	Certificate of Amendment of Articles of Incorporation for decrease in authorized capital, December 2004 (Incorporated by reference to Exhibit 3(i) of Form 8-K filed on December 23, 2004)
3(i)(6)	Certificate of Designation for Series A Redeemable Preferred Stock, December 2004 (Incorporated by reference to Exhibit 3(i) of Form 8-K filed on January 4, 2005)
3(i)(7)	Certificate of Designation for Series B Preferred Stock (Incorporated by reference to Exhibit B to Preferred Stock Purchase Agreement, dated as of July 29, 2009 (see Exhibit 10.21 below)
3(i)(8)	Certificate of Amendment of Articles of Incorporation for increase in authorized capital, September 21, 2009 (Incorporated by reference to Exhibit 3(i)(8) of Form S-1 filed on October 2, 2010)
3(i)(9)	Certificate of Designations of Series C Convertible Preferred Stock (Incorporated by reference to Exhibit 5.03(i) of Form 8-K filed on November 19, 2009)
3(ii)(1)	By-laws (Incorporated by reference to Exhibit 3(ii) (1) of Form 10-KSB filed on August 13, 2004)
3(ii)(2)	By-laws Resolution (Incorporated by reference to Exhibit 3(ii) (2) of Form 10-KSB filed on August 13, 2004)
3(ii)(3)	Board of Directors Resolutions amending By-laws (Incorporated by reference to Exhibit 3(ii) of Form 10-QSB filed on December 15, 2004)

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- 10.1+ Form of Employment Agreement with Anthony Havens (Incorporated by reference to Exhibit 10.4 of Form 10-KSB filed on August 13, 2004)
- 10.2+ Stock Option Agreement with Jeffrey Bean, dated October 23, 2006 (Incorporated by reference to Exhibit 10.1 of Form 8-K filed on October 24, 2006)
- 10.3+ 2005 Stock Incentive Compensation Plan (Incorporated by reference to Exhibit 4 of Form 10-KSB filed on August 13, 2004)
- 10.4 2010 Consultant Stock Plan (Incorporated by reference to Exhibit 99.1 of Form S-8 filed on May 12, 2010)
- 10.5 Form of Promissory Note (Incorporated by reference to Exhibit 10.3 of Form 10-QSB filed on December 18, 2006)
- 10.6 Form of Promissory Note (Incorporated by reference to Exhibit 10.4 of Form 10-QSB filed on December 18, 2006)
- 10.7 Preferred Stock Purchase Agreement, dated as of July 29, 2009, by and among Sparta Commercial Services, Inc. and Optimus Capital Partners, LLC (Incorporated by reference to Exhibit 10.1 of Form 8-K filed on July 30, 2009)
- 11.0* Form of Convertible Note

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12**	2014 Equity Incentive Plan
14.1	Code of Ethics (Incorporated by reference to Exhibit 14.1 of Form 10-K filed on August 15, 2011)
21.1*	<u>List of Subsidiaries</u>
23.1*	<u>Consent of RBSM LLP</u>
31.1*	<u>Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a)</u>
31.2*	<u>Certification of Principal Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a)</u>
32.1*	<u>Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350</u>
32.2*	<u>Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350</u>
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.

** Incorporated by reference to the registration statement on Form S-8 filed by the registrant with the Commission on November 3, 2014

+ Represents executive compensation plan or agreement

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SIGNATURES

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

SPARTA COMMERCIAL SERVICES, INC.

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

Date: August 13, 2015

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

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

Date: August 13, 2015

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

Date: August 13, 2015

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

Date: August 13, 2015

By: /s/ Kristian Srb
Kristian Srb
Director

Date: August 13, 2015

By: /s/ Jeffrey Bean
Jeffrey Bean
Director

Date: August 13, 2015

