SPARTA COMMERCIAL SERVICES, INC.
Form 10-K
August 15, 2011

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

FORM 10-K

(Mark One)

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

For the fiscal year ended April 30, 2011

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________.

Commission file number: 0-9483

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

NEVADA (State or other jurisdiction of incorporation or organization)	30-0298178 (I.R.S. Employer Identification No.)
462 Seventh Ave, 20th Floor, New York, NY (Address of principal executive offices)	10018 (Zip Code)

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

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

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

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

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

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

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

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

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

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

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

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

The aggregate market value of voting and non-voting common equity of the issuer held by non-affiliates, on October 31, 2010 was $5,809,841.

As of July 31, 2011, we had 541,566,723 shares of common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: None.

Table of Contents

SPARTA COMMERCIAL SERVICES, INC.

TABLE OF CONTENTS

Table of Contents

PART I

ITEM 1. BUSINESS

General Overview

Sparta Commercial Services, Inc. ("Sparta" "we," "us," or the "Company") is a Nevada corporation. Historically, we were an independent financial services provider, offering consumer retail installment sales contracts and both consumer and commercial lease financing to the powersports industry. During the fiscal year ended April 30, 2011, we formed Specialty Reports, Inc to provide vehicle history reports and mobile cell phone (“mobile apps”) to consumers and powersports dealers.

Our offices are located at 462 Seventh Avenue, 20th Floor, New York, NY 10018, telephone number: (212) 239-2666. We maintain a website at www.spartacommercial.com.

Our Business

We are a now diversified company specializing in providing services to the powersports industry. We operate through two divisions: Specialty Reports and Financial Services.

Specialty Reports, formed in 2010, currently has four product offerings which are divided into two groups: the mobile applications group and the vehicle history report group.

The mobile applications group is currently marketing Specialty Mobile Apps, which is a customizable modular mobile application engine developed for powersports and automobile dealers that allows them to login to our website and build their own custom dealer mobile application “mobile app” in no time at all. Dealers can upload images, choose colors, customize the items displayed, and create a fully branded experience. Once created, the mobile application is generated, packaged, and made available on-line to the dealer's customers through the Apple iPhone App Store and the Android App Market. Additionally, as we build new features, and support more devices, customers will also be able to take advantage of these new platforms and features as well.

The vehicle history report group is currently marketing: Cyclechex Motorcycle History Reports©, RVchecks™, RV History Reports, and CarVin Car History Reports. These reports contain extremely valuable information for consumers, dealers, insurers, auction houses, and lenders, about whether a specific pre-owned vehicle has been in an accident or crash, the number of previous owners, the last recorded odometer reading, any salvage or damaged titles, the manufacturer’s original equipment, OEM recall data, and more. For consumers looking to buy a pre-owned vehicle or a retail vehicle dealer considering a trade-in or the purchase of other used vehicle, a Cyclechex Motorcycle History Report, RVchecks RV History Report or a CarVin Car History Report can be invaluable. For those dealers who want to provide a higher level of confidence to a potential buyer about the true condition of the vehicle being considered for purchase, these reports are an outstanding sales support tool. 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. With a “no-hassle,” 100% money-back guarantee, and at only a modest cost, these Specialty Reports provide buyers and sellers an incomparable guide for decision making and a comfort level that would otherwise be unavailable.

Financial Services provides consumer financing for the acquisition or leasing of new and used 550cc+ motorcycles, select scooters and utility all-terrain vehicles (ATVs). Additionally through our Municipal Division we offer, on a pass through basis, an equipment leasing product to municipalities, including, but not limited to, the leasing of police motorcycles.

We have, and continue to develop, relationships with powersports dealers and manufacturers to provide our financing products to their customers. We also seek to expand our "Private Label" versions of our financing products to motorcycle, scooter, and all-terrain vehicle manufacturers and distributors to enable their dealers to assist their customers in acquiring the powersports vehicle of their choice.

Table of Contents

Business Overview

Specialty Reports, Inc.

In May 2010, our subsidiary, Specialty Reports, Inc., a Nevada corporation, purchased substantially all of the assets of Cyclechex LLC, a Florida limited liability company, in consideration of a 24% equity interest in Specialty Reports. Additionally, the founder and sole owner of Cyclechex was elected as a Director and to the position of Executive Vice President-Marketing of Specialty Reports.

Cyclechex LLC, formed in 2007, was in the business of providing basic motorcycle information, obtained by inputting the vehicle's vehicle identification number ("VIN") on the Cyclechex web-site, and receiving information as to the vehicle's year of manufacture, name of manufacturer and specific model. Without such information, a used motorcycle purchaser could easily confuse one model year for another which could amount to as much as a $1,000 mistake or more.

Specialty Reports has expanded on the Cyclechex product offering to include accident, crash, and title history information. All of this information is now offered on the Cyclechex web site, www.cyclechex.com, in the form of the copyrighted Cyclechex Motorcycle History Report©. Similar reports are offered on Recreational Vehicles on our web site, www.RVChecks.com. Subsequent to April 30, 2011, we introduced CarVin Report on our www.Carvinreport.com web site.

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

NMVTIS is an information system that federal law requires the United States Department of Justice to establish, 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 will provide a means for states to share title information in order to prevent fraud and other crime.

NMVTIS was created to:

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

NMVTIS information is supplied by state motor vehicle agency records and entire sectors (e.g., insurance, auto recyclers/junk/salvage, etc.) addressed by the Anti-Car Theft Act. As opposed to purchasing information from specific businesses or companies, entities are required to provide specific information to NMVTIS in a specific format. NMVTIS is intended to serve as a reliable source of title and brand history for automobiles, motorcycles and other vehicles. However, there are certain pieces of vehicle history data that NMVTIS 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 wwwcyclechex.com. Cyclechex is similar to CARFAX® in that it provides on-line vehicle history reports, for a fee, based on the vehicle's VIN. However, neither CARFAX® nor AutoChek® provides information on motorcycles, scooters, ATVs or recreational vehicles.

Table of Contents

Sparta Financial Services

The success of Sparta's Financial Services business model depends on the availability of capital, both debt and equity, with which to purchase vehicles for lease and retail installment sales contracts. In the fall of 2008 and in 2009, our two senior lenders withdrew their credit lines due to the then financial crisis. From that time until the present, our financial services offerings have been limited due to the lack of availability of reasonably priced capital. These events did not impact on our municipal lease products. In October 2010 we obtained, from a hedge fund, a lease warehouse facility wherein we purchase consumer leases for sale to this fund. We would provide all service and collection functions for the leases. To date, we have not utilized this facility as the terms and conditions result in unattractive lease terms to the consumer. We are presently renegotiating the terms of this facility.

Subject to the availability of reasonably priced capital, Sparta's financial service products have been designed to generate revenue from several sources:

- Retail installment sales contracts and leases;
- Municipal leasing of equipment;
- Private label programs for manufacturers and distributors;
- Ancillary products and services, such as private label GAP coverage; and
- Remarketing of repossessed vehicles and off-lease vehicles.

Sparta's management believes that by offering dealers, and their customers, the option of either financing or leasing, Sparta will capture a greater share of the dealer's business. Additionally, by offering both alternatives, once profitability is achieved, Sparta believes that it will be in a position to achieve greater cash-flow than it could by offering only one of these alternatives because depreciation generated by Sparta's leasing activities will reduce income tax due on income resulting from Sparta's retail installment sales contracts.

Retail Installment Sales Contracts and Leases

Retail Installment Sales Contracts (RISC) Sparta purchases retail installment sales contracts from both franchised and independent powersports dealers who qualify as Authorized Sparta Dealers and/or as Authorized Private Label Dealers under Sparta's Private Label Programs. Sparta has developed policies and procedures for credit evaluation, collections, insurance follow up, and asset recovery. Sparta imposes strict credit criteria to determine which retail installment sales contract applications to approve. This credit criterion has been developed to be in compliance with the credit criterion required by our lenders. The dealers understand that if they consummate a credit transaction with a customer on whose application we have given them a conditional approval that Sparta will purchase that contract if it is in full compliance with all terms and conditions of that approval and contained in our dealer agreement.

To insure that Sparta's Credit Evaluation Process and Collateral Guidelines are consistently applied and that the credit/underwriting decisioning process provides rapid decisions to our Authorized Sparta Dealers and the Authorized Private Label Dealers, Sparta has developed a point of sale credit application and contract decisioning web based platform. This system is named "iPLUS®" and is structured as an Application Service Provider ("ASP") and has the capability of providing the dealer with conditional approvals in less than sixty seconds, seven days a week, twenty-four hours a day. This technology provides quick, consistent credit decisions for our dealer network and reduces the number of credit analysts required, thereby, reducing Sparta's personnel expense. Depending on Sparta's arrangement with its lending sources, in the case of consumer finance contracts, Sparta may finance its purchase of the contracts by borrowing from a lending source and pledging the retail installment sales contracts as collateral for the loan.

Table of Contents

All of the retail installment sales contracts will be secured by qualified, titled motorcycles with 550+cc and higher engines, 4-stroke all-terrain vehicles (ATVs), or select scooters. Customer financing needs are projected to range from approximately $5,000 to $40,000. Contract terms of 24 to 60 months are offered.

Leases – Sparta purchases qualified vehicles for lease to customers of its Authorized Sparta Dealers and/or Authorized Private Label Dealers. While the steps in the leasing process are almost identical to those in the retail installment sales contract process, the major difference is that when a lease "approval" is transmitted to a dealer, the "approval" describes the terms and conditions under which Sparta will purchase a specific vehicle from the dealer and lease it to the applicant. Unlike a retail installment sales contract which finances a customer's purchase of a vehicle owned by the customer, the lease agreement contains the payment terms and conditions under which Sparta will allow the customer to use (lease) the vehicle, which is owned by Sparta, and also contains a vehicle purchase price option which provides the customer with the right to purchase the vehicle at the lease-end. Depending on Sparta's arrangement with its lending sources, in the case of leases, Sparta may finance its purchase of leased vehicles by borrowing from a lending source and assigning or pledging the lease and leased vehicle as collateral for the loan. Lease terms range from 24 to 60 months, although most lease terms are either 36 or 60 months. Leases generally have lower monthly payments than similar retail installment sales contracts because a sales contract finances only part of the vehicle cost with the balance being financed by the lessor. Unlike with retail installment sales contracts, Sparta can and does charge acquisition fees for each of its leases. These fees range from $290 to $490 per lease depending on the amount of the lease.

Municipal Leasing of Equipment, including Police Motorcycles

In February 2007, Sparta launched a new Municipal Leasing Product designed expressly to meet the needs of law enforcement agencies throughout the U.S. Sparta estimates that the annual municipal market for new law enforcement motorcycles, alone, exceeds $300 million annually, based upon extensive discussions that the company conducted among Harley-Davidson, Honda, and BMW dealers, with those brands being the most prominent in the municipal environment. Sparta believes that most of these agencies have historically been purchasing these vehicles with few, if any, financing alternatives, therefore, we developed a leasing alternative for governmental organizations to acquire the motorcycles they need, and remain within their budgets at the same time. We have partnered with a wholly owned subsidiary of a state chartered bank which specializes in municipal financing. Under this relationship, the Company originates for this subsidiary and negotiates the leases on behalf of it and the municipality. The Company receives an upfront origination fee and a structured commission for each closed lease.

Revenue from Ancillary Products and Services

We expect to receive additional revenue related to servicing our portfolio, such as lease acquisition fees, late payment fees, vehicle disposition fees at lease-end, early termination fees, charges for excess wear-and-tear on leased vehicles, and from ancillary products and services.

We are being positioned as a full service organization providing products and services to its dealers that are costly to obtain on an individual dealer basis. Also, we offer a private label Guaranteed Auto Protection (“GAP”) plan for our dealers:

GAP Coverage – Sparta markets its private label GAP coverage on a fee basis to customers through dealers. This coverage protects the customer should the vehicle be stolen or wrecked and the holder's primary insurance is not adequate to cover their payoff to the creditor that holds the lien on or the lease of the vehicle.

Sparta intends to continue to evaluate additional ancillary products and services and believes that it can create additional products and services to meet dealers' needs, creating company brand loyalty in the dealer community and generating other revenue streams.

Revenue from Remarketing Off-Lease and Repossessed Vehicles

Re-leasing to Original Lessees – Management commences its re-leasing efforts as early as eleven months prior to the end of the scheduled lease term. Lessees' options are expected to include: extending the lease, returning the vehicle to Sparta or buying the vehicle at the buy-out option price established at the beginning of the lease. Sparta's policy requires lessees who wish to return their vehicles, return the vehicle to the originating dealer. If the lessee has moved, then the vehicle should be returned to the Authorized Sparta Dealer closest to the lessee. If this is impracticable, then Sparta will arrange to have the vehicle transported at the lessee's expense.

Table of Contents

Returned Leased Vehicles – When a vehicle is returned to an Authorized Sparta Dealer at the end of the scheduled lease term, the dealer will inspect it for excessive wear and mileage over maximum levels specified under the lease agreement and prepares it for resale/lease. All Authorized Sparta Dealers and all Authorized Private Label Dealers are contractually bound to charge no more than cost plus ten-percent for repairs and to provide free storage for all consignment vehicles. Thereafter, Sparta plans to consign the vehicle to the originating dealer for sale or re-lease to a new party. Should the dealer decline to take the vehicle on consignment, it will be electronically marketed on the Classified Pages of the Sparta web site. Sparta believes the market for used vehicles is significant and the opportunity to remarket the same vehicle numerous times is a key selling point with prospective dealerships. Sparta believes that using its dealer network in such a manner will result in a better overall economic return on its portfolio as well as strengthen dealer relationships.

Repossessed Vehicles – All repossessed vehicles are similarly returned to the originating Authorized Sparta Dealer to be reconditioned, if needed, for consignment sale or re-lease in the same manner as returned vehicles.

Credit and Collections

Policies and Procedures

Based on management's experience in vehicle financing and leasing, we have developed policies and procedures for credit evaluation, collections, insurance follow up, and asset recovery. We impose strict credit and demographic criteria to determine which retail installment sales contracts and lease applications are approved.

Credit Evaluation Process and Collateral Guidelines

To insure that Sparta's Credit Evaluation Process and Collateral Guidelines are consistently applied and that the credit/underwriting decision process provides rapid decisioning to our Authorized Sparta Dealers and our Authorized Private Label Dealers, Sparta has worked closely with a leading provider of interactive credit accessing and decisioning solutions, to develop our iPLUS® point of sale credit application decisioning and contract generating web based platform.

iPLUS® (internet Purchasing Leasing Underwriting Servicing)

Sparta's retail installment sales contract and leasing products are delivered through a proprietary, web-based, credit application processing platform. This system is named iPLUS® and is structured as an Application Service Provider ("ASP") and has the capability of providing the dealer with conditional approvals seven days a week, twenty-four hours a day. This system also provides the powersports dealer with system capabilities comparable to those of new car franchises. Sparta believes iPLUS® provides the Authorized Sparta Dealers and Authorized Private Label Dealers with a competitive advantage and increases Sparta's ability to obtain a larger share of the dealer's business.

Additionally, this technology provides quick, consistent credit decisions for our dealer network and reduces the number of credit analysts required, thereby, reducing Sparta's expenses.

Sparta has established program guidelines that are an integral function of the iPLUS® decisioning process. These program guidelines establish and clarify credit criteria such as credit tiers, maximum amount financed, term and rate, dealer rate participation, deal structure, buyer profile, credit bureau parameters, budget parameters, and eligible collateral, including maximum loan-to-value ratios for each of its retail installment sales contracts and lease agreements, depending on the applicant's credit rating and stability. Sparta has developed its own credit criteria system by using an empirical score card and then assigning its own rating based on Sparta's experience. This rating is used as the basis to determine the terms and conditions under which an applicant is approved or declined.

Sparta conducts both applicant credit risk and asset evaluation before approving financing. Should the customer seek financing above this threshold, Sparta asks for a down payment from the borrower or lessee to close the gap between selling price and value. The size of the down payment will be a function of the applicant's credit rating, stability, budget, and the value of the underlying asset.

Table of Contents

Collection Procedures

Approving retail installment sales contracts and leases that comply with the policies and procedures established by Sparta is just the first step. A principal factor in the success of Sparta's business model is its ability to track contract and lease performance.

A third party provides the software Sparta uses to manage its assets, customer base, collections, insurance, and accounting systems. Using a variety of basic and customized reports generated by this software, Sparta monitors its customers' compliance with their obligations under retail installment sales contracts or lease agreements. These reports are accessed on a real-time basis by employees of Sparta and are distributed to management personnel for review. The reports include delinquency reports, collection tickler (promises) reports, insurance status reports, termination reports, inventory reports, maturing contract reports, and other information.

Sparta requires continuous physical damage insurance on all financed vehicles and continuous liability and physical damage insurance coverage on all leased vehicles. In addition, Sparta is required to be listed as Additional Named Insured and Loss Payee. Continuous insurance is critical, and Sparta is permitted to repossess a vehicle if coverage lapses. Any lapse in insurance coverage for any reason will lead to reinstatement of insurance coverage or repossession of leased vehicle.

Using Diversification to Reduce Portfolio Risk

Management will reduce portfolio risk not only by carefully screening applicants and monitoring covenant compliance, but also by diversifying its financing activities across credit tiers and Sparta's list of motorcycle, ATV, and scooter models that it will finance or lease.

Credit Tiers – Sparta expects that it will maintain a portfolio dominated by A/B credit applicants over C applicants in the ratio of at least 70/30. Management anticipates that it will be able to rebalance its portfolio by training its sales force to work closely with dealerships in their territories to help Sparta maintain its conservative 70/30 target.

Sparta will also be able to manage this ratio by revising the variables in its various programs (terms and conditions under which Sparta will purchase retail installment sales contracts or lease vehicles), such as minimum income, debt ratios, payment to income ratios, minimum down payment required, acquisition fees (paid by dealer), discounts (paid by dealer), and other factors.

We are presently evaluating the economics of and market for a sub-prime program.

Portfolio Performance – Contracts and leases over 30 days delinquent were 1.88% of total portfolio balances at April 30, 2007, 2.85% at April 30, 2008, 3.70% at April 30, 2009, 7.51% at April 30, 2010 and 10.58% at April 30, 2011. Cumulative net losses and charge-offs as a percent of cumulative portfolio originations were 0.54% at April 30, 2007, 0.95% at April 30, 2008, 2.91% at April 30, 2009, 4.25% at April 30, 2010 and 4.78% at April 30, 2011. Additionally, as of April 30, 2011, the Company maintained a cash reserve with its Senior Lender equal to 6.925% of the outstanding loan balance with that lender. The Company's portfolio of contracts and leases has been in a run-off mode since the fall of 2008.

Sparta Approved Vehicle Models – Advance rates and other credit restrictions will be in effect for certain models and years based on the relevant facts and circumstances.

Market Information

According to the Motorcycle Industry Council's 2009 Statistical Annual, from 1991 to their peak in 2006, annual sales of new 651CC+ motorcycles increased 439% to 543,000 units or approximately $6.8 billion while over the same period annual sales of all new motorcycles increased 325% to 1,190,000 units or approximately $11.9 billion. From 2007 through 2010, annual sales of new 651CC+ motorcycles declined 49.7% to 206,000 units or approximately $3.2 billion. There is no reliable data on the change in used motorcycle sales during the period. Sparta estimates that the 2010 retail market for new and used 599cc+ motorcycles was approximately $6.1 billion.

Table of Contents

According to the Motorcycle Industry Council's 2009 Statistical Annual, 2008 ATV unit sales declined 28% from 2007 to 454,098 units and down from a peak of 812,970 in 2004. For the first half of 2009 ATV unit sales declined 32% to 166,424 units from the first half of 2008. Sparta estimates that 2009 ATV unit sales declined approximately 30% from 2009 to 318,000 units and we estimate that 2010 sales remained at 2010 levels.

Data for the U.S. scooter market is inconsistent and unreliable as less than ½ of scooter manufacturers report their data. Of the available data, the reported unit market in 2008 was 76,748, but the Motorcycle Industry Council estimated market was 222,000 units. Early data for the first half of 2009, reported by Powersports Business in their 2009 Market Data Book, suggested a 67% decline in reported unit sales. Definitive data for all of 2009 and 2010 is not available.

Sales and Marketing

Normally, vehicle financing products are sold primarily at the dealer level, rather than the consumer level. Our strategy is to utilize a direct sales force that promotes our products and services to qualified dealers, train them, and provide them with point-of-sale marketing materials. This direct sales force will be comprised of Marketing Group and a Dealer Services Group.

The Marketing Group will continue to work directly with the manufacturers and distributors to obtain additional Private Label Contracts and to monitor our competition. The Private Label partners will assist us directly in training the Private Label Dealers. This will be done at the manufacturers/distributors place of business, at industry shows, or with a group of dealers in a common geographic area.

The Dealer Support Group accepts dealer application packages from dealers that want to be either or both our Authorized Sparta Dealers or Authorized Private Label Dealers. They notify the approved dealers that they have been approved and provide them with the required information to process applications and print contracts using iPLUS®, including a Dealer Sign Up packet. The Dealer Services Group is available to directly assist dealers by telephone and follow up with dealers on conditional approvals to assist them in forwarding the funding packages to us for purchase. This group also accepts all incoming calls from dealers, answering their inquiries or directing them, if necessary, to the appropriate department.

Authorized Sparta Dealers are able to advertise both new and used vehicles in the Classified Section of our website, at no cost to the dealer. Sparta plans to use this feature of the website to remarket its own inventory (both repossessed and returned end-of-term vehicles) throughout the country. Our exclusive "Second-Chance Express" program for customers with a poor or limited credit history was created to help re-market our inventory. Incentives are in place for Authorized Sparta Dealers who sell or lease either our inventory vehicle at their dealership or one that is at another dealership in our network.

Competition

The consumer finance industry is going through several changes due to current economic conditions and past lending practices. Broadly speaking, Sparta competes with commercial banks, savings & loans, industrial thrift and credit unions, and a variety of local, regional and national consumer finance companies. Additionally, some powersports manufacturers such as Harley-Davidson and BMW have captive subsidiaries that provide financing.

Independent consumer financial services companies and large commercial banks that participated in this market as well as some Powersports manufacturers providing factory financing programs have withdrawn substantially from the motorcycle financing niche over the past two years or have tightened their underwriting criteria. Sparta believes that those companies may have suffered as a result of compromising their underwriting criteria for the sake of volume. In addition, management believes that our competitors' practice of financing all makes and models of a particular manufacturer results in lower overall portfolio performance because of the poor demographics associated with some of those product lines. The marketplace also includes small competitors such as local credit unions, local banks, and a few regional entities.

Table of Contents

A significant competitor of Sparta is GE Capital. GE Capital markets directly to dealers in the Powersports market and through Co Branded private label programs. GE recently has co-branded with Yamaha, Suzuki, Kawasaki, Moto Guzzi, Aprilia Brands and other national manufacturers and distributors of Powersports and recreational products such as Coachmen Industries. GE also offers dealer and distributor floor plan financing and private label credit cards. To management's knowledge, this firm does not offer leases for powersports vehicles. Recently, this company has announced cut backs in its consumer vehicle and other consumer financing programs.

Regulation

Our planned financing operations 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 affect 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 on the basis of race, color, sex, age, or marital status. Pursuant to Regulation B promulgated under the Equal Credit Opportunity Act, creditors are required to make certain disclosures regarding consumer rights and advise consumers whose credit applications are not approved of the reasons for the rejection.

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

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

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

Table of Contents

- 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, 2011, we had 10 full-time employees.

Table of Contents

ITEM 1A. RISK FACTORS

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

We have an operating history of losses.

Through our fiscal year ended April 30, 2011, we have generated cumulative sales revenues of $4,524,402, have incurred significant expenses, and have sustained significant losses. Our net loss for the year ended April 30, 2011 was $3,663,867. As of April 30, 2011, we had a deficit net worth of $2,946,315.

We had an agreement for a credit line with an institutional lender, who has acquired preferences and rights senior to those of our capital stock and placed restrictions on the payment of dividends. As of April 30, 2011, this line had been terminated.

In July 2005, we entered into a secured senior credit facility with New World Lease Funding for a revolving line of credit. New World received a security interest in substantially all of our assets with seniority over the rights of the holders of our preferred stock and our common stock. Until the security interests are released, those assets will not be available to us to secure future indebtedness. New World has ceased all lending operations. As of April 30, 2011, we owed an aggregate of $974,362 (which is secured by $1,141,536 of consumer Retail Installment Sales Contracts and Leases and $64,686 of restricted cash) to New World. In granting the credit line, New World also required that we meet certain financial criteria in order to pay dividends on any of our preferred shares and common shares. We may not be able to repay our outstanding indebtedness under the credit line.

We have an agreement for a master lease funding agreement.

In September 2010, we entered into a two year $5 million master lease funding agreement. Under this agreement we originate and underwrite motorcycle leases pursuant to the credit criteria of the lender and sell the leases to the lender for a fee. This type of agreement is known as a pass-through. The Company is liable for ten percent of the lender’s losses on the leases sold to it up to $500,000. There can be no assurances that we can underwrite a sufficient number of leases to fully utilize the initial amount of the agreement, and if we do there can be no assurance that this lender will increase the amount of the agreement. As of April 30, 2011, we have not utilized this line.

Our business requires extensive 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 senior debt as well as capital to support the portion of the future leases and retail installment sales contracts which are not financed by the senior lender. We generally refer to this portion as the “equity requirement” and the “sub-debt requirement”. Presently, we have very limited operating capital to fund the equity requirements for new financing transactions or to execute our business plan. In order to accomplish our business objectives, we expect that we will require substantial additional financing within a relatively short period. The lack of capital has made it difficult to offer the full line of financing products contemplated by our business plan. Without a senior bank line of credit, it will be extremely difficult to maintain and grow our business. We will have to raise approximately $1.5 million over the next twelve months to support our business. As our business grows, we will need to seek additional financing to fund growth. To the extent that our revenues do not provide sufficient cash flow to cover such equity requirements and any reserves required under any additional credit facility, we may have to obtain additional financing to fund such requirements as may exist at that time. There can be no assurance that we will have sufficient capital or be able to secure additional 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.

Table of Contents

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

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

The independent auditor's report on our April 30, 2011 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.

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

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

Our operating results may differ from current forecasts and projections significantly in the future as a result of a variety of factors, many of which are outside our control. These factors include, without limitation, the receipt of revenues, which is difficult to forecast accurately, the rate of default on our loans and leases, 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 to the motorcycle industry. The success of an investment in a consumer financing based venture is dependent, at least, in part, on extrinsic economic forces, including the supply of and demand for such services and the rate of default on the consumer retail installment contracts and consumer leases. No assurance can be given that we will be able to generate sufficient revenue to cover our cost of doing business. Furthermore, our revenues and results of operations will be subject to fluctuations based upon general economic conditions. Economic factors like unemployment, interest rates, the availability of credit generally, municipal government budget constraints affecting equipment purchases and leasing, the rate of inflation, and consumer perceptions of the economy may affect the rate of prepayment and defaults on customer leases and loans and the ability to sell or dispose of the related vehicles for an amount at least equal to their residual values which may have a material adverse effect on our business.

A material reduction in the interest rate spread could have a negative impact on our business and profitability.

A significant portion of our net income is expected to come from an interest rate spread, which is the difference between the interest rates paid by us on interest-bearing liabilities, and the interest rate we receive on interest-earning assets, such as loans and leases extended to customers. Interest rates are highly sensitive to many factors that are beyond our control, such as inflation, recession, global economic disruptions and unemployment. There is no assurance that our current level of interest rate spread will not decline in the future. Any material decline would have a material adverse effect on our business and profitability.

Table of Contents

Failure to perfect a security interest could harm our business.

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 developed in connection with our credit decisioning and underwriting software system, iPLUS®, is 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.

We face significant competition in the industry.

We compete with commercial banks, savings and loans, industrial thrifts, credit unions and consumer finance companies, including large consumer finance companies such as GE Capital. Many of these competitors have well developed infrastructure systems in place as well as greater financial and marketing resources than we have. Additionally, competitors may be able to provide financing on terms significantly more favorable than we can offer. Providers of motorcycle financing have traditionally competed on the basis of interest rates charged, the quality of credit accepted, the flexibility of terms offered and the quality of service provided to dealers and customers. We seek to compete predominantly on the basis of our high level of dealer service and strong dealer relationships, by offering flexible terms, and by offering both lease and loan options to customers with a broad range of credit profiles. Many of our competitors focus their efforts on different segments of the credit quality spectrum. While a number of our competitors have reduced their presence in the powersports financing industry because of industry specific factors and the current situation in the global credit markets, our business may be adversely affected if any of such competitors in any of our markets chooses to intensify its competition in the segment of the prime or sub-prime credit spectrum on which we focus or if dealers become unwilling to forward to us applications of prospective customers. To the extent that we are not able to compete effectively within our credit spectrum and to the extent that the intensity of competition causes the interest rates we charge to be lower, our results of operations can be adversely affected.

Table of Contents

Our business is subject to various government regulations.

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 affect on our operations to date. We will need to periodically review our office practices in an effort to ensure such compliance, the failure of which may have a material adverse effect on our operations and our ability to conduct business activities.

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

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

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

Our board is empowered to issue, without stockholder approval, preferred stock, on one or more series, with dividend, liquidation, conversion, voting or other rights that could adversely affect the voting power or other rights of the holders of common stock. From time to time, we have designated, and may in the future designate, series of preferred stock carrying various preferences and rights different from, and greater than, our common stock. As of April 30, 2011, we have two series of preferred stock outstanding. Preferred stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of the company.

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

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

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

Our directors and executive officers beneficially own approximately 18.2% of our common stock as of April 30, 2011. Accordingly, these persons and their respective affiliates have the ability to exert substantial control over the election of our Board of Directors and the outcome of issues submitted to our stockholders, including approval of mergers, sales of assets or other corporate transactions. In addition, such control could preclude any unsolicited acquisition of our company and could affect the price of our common stock.

Table of Contents

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 affect 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.

In May 2010, our subsidiary, Specialty Reports, Inc. purchased the majority interest in a small internet based company, Cyclechex, LLC, and we may be unable to successfully incorporate its products into our business model.

Cyclechex LLC was engaged in the business of selling, via the internet, information describing the title history of motorcycles. Since May 2011, we have devoted a substantial amount of the Company’s resources to improving the amount and quality of the data offered the Cyclechex web site, launched new but similar products RV Checks, and CarVin Report and has attracted affiliates to the web sites all with the aim to be defacto go to sites for motorcycle and RV data. Additionally, we have commenced marketing, on an exclusive basis, mobile applications “apps” to vehicle dealers which will allow dealers to communicate with their customers and potential customers via cell phone applications. To date, Specialty Reports, Inc has operated at a loss. There can be no assurance that we can achieve this goal or that even if we do, that these products will be profitable.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our executive offices are located at 462 Seventh Avenue, 20th Floor, New York, NY 10018. We have an agreement for use of office space at this location under a lease expiring on November 30, 2012. The office space contains approximately 7,000 square feet. The rent for the year ended April 30, 2011 was $330,765. For the year ended April 30, 2012, the rent is $312,565, and for the seven months ending November 30, 2012, the rent is $184,947. We believe that our existing facilities will be adequate to meet our needs for the foreseeable future. Should we need additional space, management believes it will be able to secure additional space at commercially reasonable rates

ITEM 3. LEGAL PROCEEDINGS

As at April 30, 2011, we were not a party to any material pending legal proceeding. From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business.

ITEM 4. (REMOVED AND RESERVED)

Table of Contents

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 2011		
First quarter (May 1, 2010 – July 31, 2010)	$ 0.03	$ 0.01
Second quarter (August 1, 2010 – October 31, 2010)	$ 0.03	$ 0.02
Third quarter (November 1, 2010 – January 31, 2011)	$ 0.03	$ 0.01
Fourth quarter (February 1, 2011 – April 30, 2011)	$ 0.03	$ 0.01
Fiscal Year 2010		
First quarter (May 1, 2009 - July 31, 2009)	$ 0.10	$ 0.05
Second quarter (August 1, 2009 - October 31, 2009)	$ 0.09	$ 0.04
Third quarter (November 1, 2009 - January 31, 2010)	$ 0.06	$ 0.01
Fourth quarter (February 1, 2010 - April 30, 2010)	$ 0.04	$ 0.01

Holders

The approximate number of holders of record of our common stock as of April 30, 2011 was 3,014 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, 2011, we had outstanding 125 shares of Series A Convertible Preferred Stock, $.001 par value. The Series A shares pay a 6% annual dividend which may be paid in cash or shares of common stock at our option. We have not, as of April 30, 2011, 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, 2011, there was $4,527 of accrued Series A dividends payable.

As of April 30, 2011, we had 157 shares of Series B preferred stock outstanding. The Series B shares accrue dividends at an annual rate of 10%. Accrued dividends are payable upon redemption of the Series B shares. As of April 30, 2011, no dividends were payable on Series B shares.

Table of Contents

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.

During the year ended April 30, 2011, the Company sold to one accredited investor an aggregate of $487,345 in one year 8% notes convertible at the Company's option into common stock at prices ranging from $0.007 to $0.018 per share. During the fourth fiscal quarter, this investor sold one $25,000 note plus accrued interest thereon to a third party which party then exchanged the note with the Company for a new one year noninterest bearing note in the amount of $26,918. Such note is convertible at the holder's option at the lower of $0.06 per share or 60% of the average of the three lowest closing prices for the 20 trading days prior to the day that the holder delivers a conversion notice to the Company.

During the year ended April 30, 2011, the Company sold to an accredited investor a convertible note in the amount of $35,000. The note is a nine month note and bear 8% interest. The note is convertible at the note holder's option at the lower of (i) the price per share at which the Company sells or issues any shares of common, subject to certain exceptions, or (ii) 58% multiplied by the average of the lowest three lowest closing bid price for the common stock during the ten trading day period ending one trading day prior to the date of submission of the conversion notice. During the fourth fiscal quarter, a $50,000 note plus accrued interest thereon was fully converted into a total of 2,371,697 shares of the Company's common stock.

During the year ended April 30, 2011, the Company sold 74,997,270 shares of its restricted common stock . These securities were sold to four accredited investors for an aggregate purchase price of $704,258.

During the year ended April 30, 2011, the Company agreed to issue an additional total of 585,000 shares of common stock to five note holders in consideration of their extending their notes. 310,000 of the shares remained as to be issued at fiscal year end.

During the three months ended April 30, 2011, pursuant to the terms of a consulting agreement, the Company issued a total of 3,100,000 shares of common stock.

In the three months ended July 31, 2011, three note holders converted $153,884 principal amount of notes plus accrued interest thereon into 26,857,060 shares of the Company's common stock.

In July 2011, two individuals purchased 7,400,000 shares of the Company's restricted common stock for $37,000.

In June and July 2011, the Company issued 1,305,339 shares of restricted common stock as payment for $16,750 in consulting services.

In May, 2011, the Company sold to an investor a $45,000, nine month, 8% note, convertible at the note holder's option at a variable conversion price such that during the period during which the note is outstanding, 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.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

Table of Contents

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, 2011 and April 30, 2010 and footnotes found in the Company's Annual Report on Form 10-K.

RESULTS OF OPERATIONS

For the year ended April 30, 2011, our revenues decreased. We have continued to incur declining but significant expenses, and have sustained significant losses.

Revenues

Revenues totaled $513,768 in fiscal 2011 compared to revenues of $713,363 in fiscal 2010. Fiscal 2011 revenues were primarily comprised of $240,923 in interest income from Retail Installment Sales Contracts, $112,465 in income from Operating and Finance Leases, $47,620 in Commissions on municipal lease transactions, $55,455 from subsidiary revenues, and $31,920 in interest income on notes receivable.

Costs and Expenses

We incurred employee compensation and benefit costs of $1,232,747 for the year ended April 30, 2011 compared with $1,061,074 in fiscal 2010. The increase is primarily related to additional personnel in connection with our new subsidiary, Specialty Reports, Inc and the acquisition of Cyclechex, LLC.

In connection with placement transactions, we expensed non-cash costs in the form of shares of common stock or warrants of $126,848 and $593,629 for the years ended April 30, 2011 and 2010, respectively. In connection with consulting services, we expensed non-cash costs in the form of shares of common stock or warrants of $297,100 and $260,000 for the years ended April 30, 2011 and 2010, respectively. These amounts were charged to financing costs. Additionally, during the fiscal year ended April 30, 2011, we expensed $103,589 as the value of employee stock and option based compensation as compared to $76,289 in the prior fiscal year. During the year ended April 30, 2011, we charged a $230,644 beneficial discount for convertible note conversion options to financing costs as compared to $45,000 in fiscal 2010. At April 30, 2011 and 2010, accrued preferred dividends of $279,055 and $97,175, respectively, were charged to retained earnings.

We incurred consulting costs of $133,480 for the year ended April 30, 2011, as compared to $138,950 for the year ended April 30, 2010. This decrease was the result of reduced reliance on outside consultants. We incurred legal and accounting fees of $304,506 for the year ended April 30, 2011, as compared to $365,561 for the year ended April 30, 2010.

We incurred other operating expenses of $725,725 for the year ended April 30, 2011. Notable expenses in this category are: general office expenses of $156,164; rent of $330,765; travel and entertainment of $41,172; utilities of $62,075; network expenses of $55,163; advertising and marketing of $45,934; maintenance contracts of $10,431; and taxes of $24,021. We incurred other operating expenses of $617,717 for the year ended April 30, 2010. Notable expenses in this category are: general office expenses of $99,159; rent of $312,633; loss reserve expense of $69,431; travel and entertainment of $36,118; utilities of $60,427; web development of $13,839; marketing of $10,654; maintenance contracts of $8,504; and taxes of $6,953.

Table of Contents

Interest costs for the fiscal year ended April 30, 2011 were $394,384 as compared to $993,943 for the fiscal year ended April 30, 2010. Depreciation and amortization for the fiscal year ended April 30, 2011 was $92,394 as compared to $702,388 for the fiscal year ended April 30, 2010. The $609,994 decrease was due primarily to a decrease of $574, 203 in amortization expenses with the transaction DZ Bank and a $364,001 expense related to Black Scholes valuation of warrants issued as compensation.

Net Loss

Our net loss attributable to common stockholders for the year ended April 30, 2011 decreased $508,952 (12%) to $3,729,401 from a loss of $4,238,353 for the year ended April 30, 2010. The decrease in net loss attributable to common stockholders was primarily due to: a $275,546 (11%) increase in total general and administrative expenses from $2,519,592 to $2,795,137; a $199,595 (28%) decrease in revenues from $713,363 to $513,768; a $599,559 (60%) decrease in interest expense and financing costs from $993,943 to $394,384; a $466,771 (79%) decrease in non-cash financing costs from $593,619 to $126,848: amortization of debt discount of $230,644 as compared to 0 last year, a $493,228 (1096%) increase in derivative liability expenses: and a $609,944 (87%) decrease in depreciation and amortization to $92,394 from $702,388. $593,529 of the prior year's loss was due to the write off, at year end, of deferred financing and start-up costs in connection with the DZ facility which costs, had the facility been in place, would have been written-off during fiscal year 2011.

Our net loss per common share (basic and diluted) attributable to common stockholders was $0.01 for the year ended April 30, 2011 and $0.01 for the year ended April 30, 2010.

LIQUIDITY AND CAPITAL RESOURCES

As of April 30, 2011, we had a deficit net worth of $2,946,315. We generated a deficit in cash flow from operations of $2,019,830 for the year ended April 30, 2011. This deficit is primarily attributable to net loss from operations of $2,373,763, adjusted for: preferred dividends of $157,746, depreciation and amortization of $92,394, equity based compensation of $403,720, stock based financing costs of $126,928, changes in derivative liabilities of $538,228, beneficial conversion discount of convertible securities of $230,644, and to changes in the balances of current assets, consisting primarily of a decrease in restricted cash of $81,647, a decrease in interest receivable of $17,533, and an increase in accounts receivable of $17,520, and current liabilities, consisting primarily of an increase in accounts payable of $229,885. Cash flows provided by investing activities for the year ended April 30, 2011 were $1,073,097, comprising of $79,917 from the retirement of leased vehicles, and liquidation of Retail Installment Sales Contracts in the amount of $993,180. We met our cash requirements during the period through net proceeds from the issuances of convertible notes of $878,067, we repaid senior loans of $1,036,627 during the period, and we sold common and preferred stock for net proceeds of $1,101,086.

Our senior credit facility with New World Lease Funding was suspended by them in August 2008 due to the global financial crisis at the time. Subsequently, they have ceased all lending operations.

In September 2010, we entered into a two year $5 million master lease funding agreement. Under this agreement we originate and underwrite motorcycle leases pursuant to the credit criteria of the lender and sell the leases to the lender for a fee. This type of agreement is known as a pass-through. The company is liable for ten percent of the lender's losses on the leases sold to it up to $500,000. There can be no assurances that we can underwrite a sufficient number of leases to fully utilize the initial amount of the agreement, and if we do there can be no assurance that this lender will increase the amount of the agreement. To date, we have not sold any leases to this lender as the yields required by the lender are not competitive in the current market for powersports financing. We are in discussion with this lender to modify their requirements.

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. However, we are in negotiations with two senior lenders for senior secured financing and have signed an agreement with a placement agent for both debt and equity. There is no guarantee that we will be successful in raising the funds required.

Table of Contents

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

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

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

The independent auditors report on our April 30, 2011 and 2010 consolidated financial statements included in this Annual Report states that our historical losses and the lack of revenues raise substantial doubts about our ability to continue as a going concern, due to the losses incurred and lack of significant operations. If we are unable to develop our business, we may have to discontinue operations or cease to exist, which would be detrimental to the value of the Company's common stock. We can make no assurances that our business operations will develop and provide us with significant cash to continue operations.

PLAN OF OPERATIONS

Addressing the Going Concern Issues

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

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

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

- seeking additional credit facilities from institutional lenders;
- 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. We are also presently in discussions with several institutions about obtaining additional credit facilities.

Table of Contents

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, 2011, we have relied on the services of outside consultants for services and currently have eleven 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 approximately 50% during the next twelve months. As we continue to expand, we will incur additional cost for personnel. This projected increase in personnel is dependent upon our 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

We purchase Retail Installment Sales Contracts ("RISC") from motorcycle dealers and we originate leases on new and used motorcycles and other powersports vehicles from motorcycle dealers throughout the United States.

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.

22

Table of Contents

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

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

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

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

Stock-Based Compensation

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

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.

Table of Contents

Allowance for Losses

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

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

RECENT ACCOUNTING 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.

Table of Contents

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Sparta Commercial Services, Inc., as of April 30, 2011 and 2010, and the related consolidated statements of losses, deficit and cash flows for each of the two years in the period ended April 30, 2011. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on the financial statements based upon our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sparta Commercial Services, Inc. at April 30, 2011 and 2010, and the consolidated results of its operations and its cash flows for each of the two years in the period ended April 30, 2011, 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 Q to the accompanying consolidated financial statements, the company has suffered recurring losses from operations that raises substantial doubt about the company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note Q. 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 15, 2011

Table of Contents

SPARTA COMMERCIAL SERVICES, INC.
CONSOLIDATED BALANCE SHEETS

		April 30, 2011		April 30, 2010
ASSETS				
Cash and cash equivalents	$	10,786	$	11,994
RISC loan receivables, net of reserve of $45,015 and $132,000, respectively (NOTE D)		855,278		1,761,474
Motorcycles and other vehicles under operating leases, net (NOTE B)		231,564		305,265
Interest receivable		9,239		26,772
Purchased Portfolio (NOTE F)		24,544		33,559
Accounts receivable		66,387		98,322
Inventory (NOTE C)		13,126		14,622
Property and equipment, net of accumulated depreciation of $176,677 and $163,824, respectively (NOTE E)		14,570		27,423
Deferred Expenses		138,405		-
Goodwill		10,000		-
Restricted cash		64,686		146,333
Other Assets		-		3,628
Deposits		48,967		48,967
Total assets	$	1,487,553	$	2,478,358
LIABILITIES AND DEFICIT				
Liabilities:				
Accounts payable and accrued expenses		1,133,721		794,811
Senior Secured Notes Payable (NOTE F)		974,362		2,010,989
Notes Payable Net of Beneficial Conversion Feature of $52,272 and 0 respectively (NOTE G)		1,377,065		864,399
Loans payable-related parties (NOTE H)		386,760		383,760
Other liabilities		75,409		20,513
Derivative Liabilities		484,301		-
Deferred revenue		2,250		7,650
Total liabilities		4,433,868		4,082,121
Deficit:				
Preferred Stock, $.001 par value; 10,000,000 shares authorized of which 35,850 shares have been designated as Series A convertible preferred stock, with a stated value of $100 per share, 125 shares issued and outstanding, respectively		12,500		12,500
Preferred Stock B, 1,000 shares have been designated as Series B redeemable preferred stock,		-		-

$0.001 par value, with a liquidation and redemption value of $10,000 per share, 157 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 42,000 shares issued and outstanding as of April 30, 2011 and 2010, respectively		-		42
Common stock, $.001 par value; 740,000,000 shares authorized, 479,104,770 and 392,782,210 shares issued and outstanding as of April 30, 2011 and 2010, respectively		479,105		392,782
Common stock to be issued, 73,899,200 and 23,967,965 respectively		73,899		23,967
Preferred Stock B to be issued, 25.34 and 9.64 shares, respectively		-		-
Additional paid-in-capital		33,430,502		31,470,653
Subscriptions receivable, Preferred Stock Series B		(2,118,309)		(2,118,309)
Accumulated deficit		(35,114,801)		(31,385,400)
Total deficiency in stockholders' equity		(3,237,104)		(1,603,763)
Noncontrolling Interest		290,789		-
Total deficit		(2,946,315)		(1,603,763)
Total Liabilities and deficiency in stockholders' equity	$	1,487,553	$	2,478,358

See accompanying notes to consolidated financial statements.

27

Table of Contents

SPARTA COMMERCIAL SERVICES, INC.
CONSOLIDATED STATEMENT OF LOSSES

	Year Ended April 30, 2011	2010
Revenue		
Rental Income, Leases	$ 112,465	$ 190,035
Interest Income, Loans	240,923	443,026
Other	160,380	80,302
Total revenue	513,768	713,363
Operating expenses:		
General and administrative	2,795,137	2,519,592
Depreciation and amortization	92,394	702,388
Total operating expenses	2,887,531	3,221,980
Loss from operations	(2,373,763)	(2,508,616)
Other expense:		
Interest expense and financing cost, net	521,232	1,587,562
Amortization of debt discount	230,644	45,000
Change in derivative liability	538,228	-
Total other expenses	1,290,104	1,632,562
Net loss	$ (3,663,867)	$ (4,141,178)
Net Loss attributed to noncontrolling interest	92,211	-
Preferred dividend	(157,746)	(97,175)
Net loss attributed to common stockholders	$ (3,729,401)	$ (4,238,353)
Basic and diluted loss per share	$ (0.01)	$ (0.01)
Basic and diluted loss per share attributed to common stockholders	$ (0.01)	$ (0.01)
Weighted average shares outstanding	436,097,734	300,447,151

See accompanying notes to consolidated financial statements.

Table of Contents

SPARTA COMMERCIAL SERVICES, INC.
CONSOLIDATED STATEMENT OF DEFICIT
FOR THE TWO YEARS ENDED APRIL 30, 2011

	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock		Common Stock		Common Stock to be issued				A
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Subscriptions Receivable	Deferred Compensa	
Balance, April 30, 2009	125	$ 12,500					170,730,063	$ 170,729	16,735,453	$ 16,735			$
Cancellation of shares correction							(400)	(0)					
Beneficial conversion discount													
Sale of Preferred Stock B			157	-									
Preferred Stock C issued for accounts payable					42,000	42							
Sale of Stock							7,301,908	7,301	3,596,067	3,596			
Shares issued upon warrant exercise							31,566,176	31,566					
Subscriptions receivable													
Shares issued upon conversion of preferred							10,733,974	10,734	(10,733,980)	(10,733)			
Shares issued for financing cost							4,320,000	4,320	409,265	409			
Shares issued for accrued interest							200,000	200	(200,000)	(200)			
Shares issued for conversion of notes and interest							152,948,452	152,950	14,660,160	14,660			
Stock compensation recorded							5,500,000	5,500	(500,000)	(500)			

Shares issued for settlement of accounts payable							2,815,371	2,815				
Employee options expense												
Warrant compensation												
Shares issued for accrued payroll							6,666,666	6,666				
Reclassification of loan receivable related to Preferred B redemption											(2,118,309)	
Redemption of Preferred B stock												
Purchase of treasury stock												
Preferred Stock B issued for dividend payable												
Net Loss												
Balance, April 30, 2010	125	12,500	157	-	42,000	42	392,782,210	392,781	23,966,965	23,967	(2,118,309)	-
Preferred Dividend												
Beneficial conversion discount												
Reclassification of warrant liability												
Sale of Stock							30,065,289	30,063	44,931,990	44,932		
Shares issued for financing cost							5,311,000	5,311	395,000	395		
Shares issued for conversion of notes & interest							23,226,473	23,227	4,649,905	4,649		
Stock Compensation							19,060,000	19,060	(44,660)	(44)		
Shares issued for settlement of accounts payable							1,330,856	1,331				

Conversion of Series C Preferred Stock					(42,000)	(42)	7,328,820	7,329					
Employee options expense													
Subsidiary's preferred series A issued for cash													
Subsidiary's preferred series B issued for cash													
Subsidiary's common stock issued for purchase of Cyclechex, LLC													
Subsidiary's Preferred B stock to be issued													
Net Loss													
Balance April 30, 2011	125	$ 12,500	157	-	-	-	479,104,648	$ 479,105	73,899,200	$ 73,899	$ (2,118,309)	-	$

See accompanying notes to consolidated financial statements.

29

Table of Contents

SPARTA COMMERCIAL SERVICES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

	Year end April 30, 2011	Year end April 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$ (3,663,867)	$ (4,141,178)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and Amortization	92,394	702,387
Allowance for loss reserves	(93,200)	69,431
Amortization of debt discount	230,644	45,000
Equity based compensation	403,720	336,288
Stock based finance cost	126,928	593,619
Change in derivative liabilities	538,228	-
(Increase) decrease in operating assets and liabilities:		
Inventory	1,496	(2,108)
Interest receivable	17,533	22,387
Accounts receivable	17,520	(80,423)
Prepaid expenses and other assets	(11,772)	(3,628)
Restricted cash	81,647	202,530
Purchased Portfolio	9,015	39,076
Increase (decrease) in:		
Accounts payable and accrued expenses	229,885	(288,649)
Net cash used in operating activities	(2,019,830)	(2,505,268)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net liquidation of leased vehicles	79,917	370,386
Net Liquidation of RISC contracts	993,180	1,589,776
Net cash provided by investing activities	1,073,097	1,960,162
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from sale of common stock	724,086	224,999
Sale of preferred stock	-	1,320,000
Sale of subsidiary preferred stock, net of non-controlling interest	377,000	-
Net Payments to senior lender	(1,036,627)	(1,683,849)
Net Proceeds from convertible notes	878,067	744,800
Net Loan proceeds from other related parties	3,000	5,500
Net cash provided by financing activities	945,526	611,450
Net Increase (decrease) in cash	(1,208)	66,343
Unrestricted cash and cash equivalents, beginning of period	$ 11,994	(54,349)
Unrestricted cash and cash equivalents , end of period	$ 10,786	$ 11,995
Cash paid for:		
Interest	$ 211,628	$ 357,303
Income taxes	$ 1,961	$ 4,897

Non-Cash Investing and Funding Activities (Note O)

See accompanying notes to consolidated financial statements.

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

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

The Company is in the business as an originator and indirect lender for retail installment loan and lease financing for the purchase or lease of new and used motorcycles (specifically 550cc and higher) and utility-oriented 4-stroke all terrain vehicles (ATVs).

In December 2008, the Company formed Sparta Funding, LLC (“Sparta Funding”), a Delaware limited liability company, for which the Company is the sole member. Sparta Funding was formed as a special purpose company to borrow funds, but was never utilized. Sparta Funding was dissolved in November 2010.

In May 2010, the Company formed Specialty Reports, Inc, a Nevada Corporation (“SRI”), for the purpose of acquiring all of the assets of Cyclechex, LLC, a Florida limited liability company (“Cyclechex”). Cyclechex’s sole business was an e-commerce business which acquired the relevant motorcycle data and sold the data in the form of motorcycle history reports over the internet to consumers and dealers. As part of the transaction, the Company issued 24% of SRI common stock to the sole owner of Cyclechex.

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.

Revenue Recognition

Revenues from the Company’s majority owned subsidiary, Specialty Reports, Inc., are recognized on a cash basis.

The Company originates leases on new and used motorcycles and other powersports vehicles from motorcycle dealers throughout the United States. The Company's leases are accounted for as either operating leases or direct financing leases. At the inception of operating leases, no lease revenue is recognized and the leased motorcycles, together with the initial direct costs of originating the lease, which are capitalized, appear on the balance sheet as "motorcycles under operating leases-net". The capitalized cost of each motorcycle is depreciated over the lease term, on a straight-line basis, down to the Company's original estimate of the projected value of the motorcycle at the end of the scheduled lease term (the "Residual"). Monthly lease payments are recognized as rental income. Direct financing leases are recorded at the gross amount of the lease receivable, and unearned income at lease inception is amortized over the lease term.

The Company purchases Retail Installment Sales Contracts (“RISC”) from motorcycle dealers. 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 the Company’s balance sheet as RISC loan receivable current and long term. Interest income on these loans is recognized when it is earned. During the fiscal years ended April 30, 2011 and April 30, 2010, the Company did not purchase any

Retail Installment Sales Contracts.

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

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

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

The Company charges fees to manufacturers and other customers related to creating a private label version of the Company’s 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. At April 30, 2011 and 2010, the Company had recorded deferred revenue related to these contracts of $2,250 and $7,650, respectively.

The Company evaluates its operating and retail installment sales leases on an ongoing basis and has established reserves for losses, based on current and expected future experience.

Inventories

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

Website Development Costs

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

Cash Equivalents

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

Income Taxes

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

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

ASC 740-10, "Accounting for Uncertainty in Income Taxes prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740also provides guidance on derecognition, classification, treatment of interest and penalties, and disclosure of such positions. As a result of implementing ASC 740, there has been no adjustment to the Company's consolidated financial statements and the adoption of ASC 740 did not have a material effect on the Company's consolidated financial statements for the year ending April 30, 2011.

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.

Impairment of Long-Lived Assets

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

Comprehensive Income

In accordance with ASC 220-10, “Reporting Comprehensive Income," establishes standards for reporting and displaying of comprehensive income, its components and accumulated balances. Comprehensive income is defined to include all changes in equity except those resulting from investments by owners and distributions to owners. Among other disclosures, ASC 220-10 requires that all items that are required to be recognized under current accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. At April 30, 2011, the Company has no items of other comprehensive income.

Table of Contents

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

Segment Information

The Company does not have separate, reportable segments under ASC 280-10, “Disclosures about Segments of an Enterprise and Related Information”. ASC 280-10 establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information for those segments to be presented in interim financial reports issued to stockholders. ASC 280-10 also establishes standards for related disclosures about products and services and geographic areas. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision making group, in making decisions how to allocate resources and assess performance. The information disclosed herein, materially represents all of the financial information related to the Company's principal operating segment.

Stock Based Compensation

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

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

Concentrations of Credit Risk

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

Allowance for Losses

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

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

Table of Contents

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

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, 2011 and 2010, the Company incurred advertising costs of $3,283 and $4,170, respectively.

Net Loss Per Share

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

Per share basic and diluted net loss attributable to common stockholders amounted to $0.01 and $0.01 for the years ended April 30, 2011 and 2010, respectively. At April 30, 2011 and 2010, 217,658,863 (including 73,899,200 shares to be issued disclosed on the balance sheet) and 54,987,623 (including 23,967,965 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.

Table of Contents

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

Recent Accounting Pronouncements

In July 2010, the FASB issued Accounting Standards Update ASU 2010-20, Receivables (Topic 310) – Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses, which required more information about credit quality. The ASU introduces the term “financing receivables”, which includes loans, trade accounts receivable, notes receivable, credit cards, leveraged leases, direct financing leases, and sales-type leases. The term does not include receivables measured at fair value or the lower of cost of fair value and debt securities among others. It also defines two levels of disaggregation for disclosure: portfolio segment and class of financing receivables. A portfolio segment is defined as the level at which an entity determines its allowance for credit losses. A class of financing receivable is defined as a group of finance receivables determined on the basis of their initial measurement attribute (i.e., amortized cost of purchased credit impaired), risk characteristics, and an entity’s method for monitoring and assessing credit risk. The ASU requires an entity to provide additional disclosures including, but not limited to, a roll forward schedule of the allowance for credit losses (with the ending allowance balance further disaggregated based on impairment methodology) and the related ending balance of the finance receivable presented by portfolio segment, and the aging of past due financing receivables at the end of the period, the nature and extent of troubled debt restructurings that occurred during the period and their impact on the allowance for credit losses, the nature and extend of troubled debt restructurings that occurred within the last year, that have defaulted in the current reporting period, and their impact on the allowance for credit losses, the nonaccrual status of financing receivables, and impaired financing receivables, presented by class. The extensive new disclosures of information as of the end of a reporting period will become effective for both interim and annual reporting periods ending after December 15, 2010 for public companies. Specific items regarding activity that occurred before the issuance of the ASU, such as the allowance roll forward and modification disclosures will be required for periods beginning after December 15, 2010 for public companies. We adopted this pronouncement as disclosed in Note D.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the SEC did not, or are not believed by management to, have a material impact on the Company’s present or future financial statements.

NOTE B - MOTORCYCLES AND OTHER VEHICLES UNDER OPERATING LEASES

Motorcycles and other vehicles under operating leases at April 30, 2011 and 2010 consist of the following:

	2011	2010
Motorcycles and other vehicles	$ 459,099	$ 540,623
Less: accumulated depreciation	(217,885)	(219,492)
Motorcycles and other vehicles, net of accumulated depreciation	241,214	321,131
Less: estimated reserve for residual values	(9,650)	(15,865)
Motorcycles and other vehicles under operating leases, net	$ 231,564	$ 305,266

Table of Contents

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

At April 30, 2011, 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, 2011 and 2010 was $60,216 and $90,940, respectively. All of the assets are pledged as collateral for the note described in Note F.

The following is a schedule by years of minimum future rentals (excluding residual values of $146,568) on non-cancelable operating leases as of April 30, 2011:

Year ending April 30,		
2012	$	29,462
2013		28,827
2014		7,573
Total	$	65,862

NOTE C - INVENTORY

Inventory is comprised of repossessed vehicles and vehicles which have been returned at the end of their lease. Inventory is carried at the lower of depreciated cost or market, applied on a specific identification basis. At April 30, 2011 and 2010, the Company had repossessed vehicles which are held for resale totaling $13,126 and $14,622, respectively.

NOTE D – RETAIL (RISC) LOAN RECEIVABLES

RISC loan receivables, which are carried net of reserves, were $855,278 and $1,761,474 at April 30, 2011 and 2010, respectively. As of April 30, 2011 and 2010, the Company had deficiency receivables of $15,320 and $34,250, respectively. At April 30, 2011 and 2010, the reserve for doubtful RISC loan receivables was $45,015 and $132,000, respectively.

The following is a schedule by years of future payments related to these receivables. Certain of the assets are pledged as collateral for the note described in Note F.

Year ending April 30,		
2012	$	507,497
2013		438,800
2014		94,619
2015		-
2016		-
Total Due	$	1,040,916

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

Table of Contents

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

We consider an RISC contract delinquent when an obligor fails to make a contractually due payment by the following due date, which date may have been extended within limits specified in the servicing agreements. The period of delinquency is based on the number of days payments are contractually past due. Automobile contracts less than 31 days delinquent are not included. The following table summarizes the delinquency status of finance receivables as of April 30, 2011 and April 30, 2010:

	April 30, 2011	April 30, 2010
Current	$ 801,953	$ 1,693,698
31-60 days past due	37,854	98,831
61-90 days past due	22,394	63,305
91-120 days past due	22,773	3,389
	884,974	1,859,223
Paying deficiency receivables*	15,320	34,250
	$ 900,294	$ 1,893,473

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

RISC receivables totaling $45,854 and $33,426 at April 30, 2011 and April 30, 2010, respectively, have been placed on non-accrual status because of their bankruptcy status.

The following table presents a summary of the activity for the allowance for credit losses, for the fiscal years ended April 30, 2011 and April 30, 2010, respectively:

	April 30, 2011	April 30, 2010
Balance at beginning of year	$ 132,000	$ 235,249
Provision for credit losses	9,179	91,500
Charge-offs	(96,164)	(194,749)
Recoveries*	-	-
Balance at end of period	$ 45,015	$ 132,000

* Recoveries are credited to deficiency receivables

Table of Contents

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

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

		April 30, 2011		April 30, 2010
Gross balance of repossessions in inventory	$	14,138	$	51,749
Allowance for losses on repossessed inventory		(1,012)		(37,127)
Net repossessed inventory	$	13,126	$	14,622

NOTE E - PROPERTY AND EQUIPMENT

Major classes of property and equipment at April 30, 2011 and 2010 consist of the followings:

		2011		2010
Computer equipment, software and furniture	$	191,247	$	191,247
Less: accumulated depreciation		(176,677)		(163,824)
Net property and equipment	$	14,570	$	27,423

Depreciation expense related to property and equipment was $12,853 and $17,919 for the years ended April 30, 2011 and 2010, respectively.

NOTE F - SENIOR SECURED NOTES PAYABLE

(a) The Company finances certain of its leases through a third party. 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, 2011 is 10.33%.

(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. 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.

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

Once the Company has paid $150,000 to the holder from Purchased Portfolio proceeds, the Company is obligated to pay fifty percent of all net proceeds from Purchased Portfolio lease payments and motorcycle asset sales until the Company and the holder mutually agree the Purchase Portfolio has no remaining proceeds.

The Company was obligated to pay any remainder of the Senior Secured Note by November 1, 2009 which was extended to May 1, 2011, and has granted the note holder a security interest in the Purchased Portfolio. On January 31, 2011, the holder converted $50,000 of the outstanding balance of the Note into 4,545,455 shares of the Company's restricted common stock. The Company and the note holder have been in discussions regarding the repayment of the outstanding balance of the Senior Secured Note which was $40,007 at April 30, 2011.

At April 30, 2011, the notes payable mature as follows:

Year ended April 30,		Amount
2012	$	527,142
2013		363,927
2014		83,293
2015		-
2016		-
Total Due	$	974,362

NOTE G – NOTES PAYABLE

Notes Payable		April 30, 2011		April 30, 2010
Convertible notes (a)	$	839,938	$	280,000
Notes payable (b)		60,000		100,000
Bridge loans (c)		206,000		161,000
Collateralized note (d)		220,000		220,000
Convertible note (e)		103,399		103,399
Subtotal		1,429,337		864,399
Less, Debt discount		(52,272)		-
Total	$	1,377,065	$	864,399

(a) As of April 30, 2011, the Company had outstanding convertible unsecured notes with an original aggregate principal amount of $839,938, which accrue interest at rates ranging from 8% to 15% per annum. The majority of the notes are convertible into shares of common stock, at the Company's option, ranging from $0.012 to $0.021 per share

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

During the fiscal year ended April 30, 2011, the Company sold to an accredited investor five notes for a total of $170,000, $50,000 of which plus $50,000, which the investor had purchased in the prior fiscal year, the investor converted into 9,936,315 shares of the Company's common stock. The remaining three of the notes, in the amounts of $40,000, $45,000 and $35,000 are convertible at the note holder's option at a variable conversion price such that during the period during which the notes are outstanding, with one note 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"), and the other note convertible at the lower of (i) $0.02 per share or (ii) the Discount Conversion Rate; provided, however, that, the conversion rate is subject to adjustment upon a merger, consolidation or other similar event, and, if the Company issues or sells any shares of common stock for no consideration or for a consideration per share that is less than the conversion price of the note, or issues or grants convertible securities (including warrants, rights, and options but not including employee stock option plans), with an conversion price that is less than the conversion price of the note, then the conversion price of the note will immediately be reduced to the consideration per share received in such stock issuance or the conversion price of the convertible securities issuance. The Company has reserved up to 60,217,236 shares of its common stock for conversion pursuant to the terms of the three notes. In the event the notes are not paid when due, the interest rate is increased to twenty-two percent until the note is paid in full.

A 10% note issued in the prior fiscal year in the amount of $10,000 is convertible at $0.012 per share at the holder's option.

During the year April 30, 2011, the Company sold to an accredited investor eighteen, one-year, unsecured notes in the aggregate amount of $529,695, of which $42,350 was repaid, The notes bare 8% simple interest, payable in cash or shares, at the Company's option, with principal and accrued interest payable at maturity. At the Company's option, the notes are convertible into shares of common stock ranging from $0.01 to $0.018 per share. Additionally during this period, this investor converted $75,000 of notes payable into four million shares of the Company's common stock, and the investor sold $100,000 principal amount of notes to a third party who exchanged the notes with the Company for four new one-year non-interest paying notes in the aggregate amount of $106,274.

During the year April 30, 2011, the Company sold to an accredited investor a two week $30,000 note without interest and issued the investor 200,000 shares of the Company's common stock as inducement for the loan. For each month or portion thereof that the note remains unpaid, the company shall issue the investor another 200,000 shares of restricted common stock.

The four, one-year, zero interest, notes in the initial principal amount of $106,274 are convertible at the holder's option into shares of the company's common stock as a conversion price equal to the lesser of: (a) $0.06 per share or (b) 60% of the average of the three lowest closing prices for the 20 consecutive trading days prior to the date on which the holder elects to convert all or part of the note. Notwithstanding the forgoing, the conversion price shall be no lower than $0.005. 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. During the fiscal year ended April 30, 2011, the note holder converted $64,260 principal amount of these notes into 6,094,533 shares of the Company's common stock.

During the fiscal year ended April 30, 2011, four note holders holding $80,000 in notes (all of which had been classified as notes payable (b) at April 30, 2010) sold their notes and the accrued interest thereon to two accredited investors, and simultaneously, the Company then exchanged one "old" $25,000 note for a $25,000 new 0% one-year note convertible at the holder's option into common stock at the lesser of $0.06 per share or sixty percent of the average of the three lowest closing prices of the Company's common stock for the twenty successive trading days immediately preceding the day the holder elects to convert all or part of the note. 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. The note holder converted this note into 1,915,226 shares of the Company's common stock during the nine month period.) Additionally, the Company exchanged with the other investor four "old" notes aggregating $55,000 for four new one-year 8% notes aggregating $81,947.94. The notes are convertible at the holder's option at a conversion price equal to 70% of the lowest closing bid price of the Company's common stock for the three trading days prior to the day on which the Company receives a Notice of Conversion. 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. During the year ended April 30, 2011, the note holder converted $38,869 principal amount of notes into 3,167,034 shares of the Company's common stock.

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

During the fiscal year ended April 30, 2011, the Company sold to two accredited investors each, a one-year, $25,000, 10% convertible note. The notes are subject to a repayment schedule such that the principal amount of the notes shall be repaid monthly, on the fifth business day of the month commencing December 2010, from the lease commission income received by the Company from Vion Operations LLC in the prior month. The amount of such monthly repayment shall be the greater of: (i) ten (10%) of the lease commission income received by the Company from Vion Operations LLC in the prior month, or (ii) the amount in a schedule to the note. The notes are secured by a lien on the Company's receivables from Vion. Upon the occurrence of an event of default, the interest rate on the unpaid principal balance shall be increased to an annual rate of twenty (20%) percent. The note holders, at their option, may convert the principal plus accrued interest thereon at conversion price of $0.0163 per share. During the fiscal year ended April 30, 2011, each of the note holders has been repaid $6,250 pursuant to the terms of the notes.

(b) As of April 30, 2010, the Company had outstanding unsecured notes with an original principal amount of $100,000, which accrue interest ranging from 6% to 15% per annum. In July 2010, $80,000 of these notes were purchased by a third party who exchanged the notes with the Company for new convertible notes all of which are current and are included in (a) above. The remaining $20,000 note is current but is accruing interest at a default rate of 15% and is also accruing penalty shares at the rate of 20,000 shares per month and this note has been reclassified as a Bridge loan (see c). During the fiscal year ended April 30, 2011, the Company sold to seven accredited investors a total of $95,000 two month loans bearing interest at 12% and issued a total of 850,000 shares of restricted common stock valued at $22,500 as inducements for the loans. All of the loans have been extended to May 1, 2011. The Company will issue an additional 850,000 shares of restricted common stock for such extensions. In December 2010, two of the note holders converted a total of $35,000 principal amount of notes into 7 shares of the Series B preferred stock of the Company's subsidiary, Specialty Reports, Inc., and converted the interest on the notes into 104,450 shares of the Company's common stock.

(c) During the year ended April 30, 2007, the Company sold to five accredited investors bridge notes in the aggregate amount of $275,000. The bridge notes were originally scheduled to expire on various dates through November 30, 2006, together with simple interest at the rate of 10%. The notes provided that 100,000 shares of the Company's unregistered common stock are to be issued as "Equity Kicker" for each $100,000 of notes purchased, or any prorated portion thereof. The Company had the right to extend the maturity date of notes for 30 to 45 days, in which event the lenders were entitled for "additional equity" equal to 60% of the "Equity Kicker" shares. In the event of default on repayment by the Company, the notes provided for a 50% increase in the "Equity Kicker" and the "Additional Equity" for each month, as penalty, that such default has not been cured, and for a 20% interest rate during the default period. The repayments, in the event of default, of the notes are to be collateralized by certain security interest. The maturity dates of the notes were subsequently extended to various dates between December 5, 2006 to September 30, 2009, with simple interest rate of 10%, and Additional Equity in the aggregate amount of 165,000 unregistered shares of common stock to be issued. Thereafter, the Company was in default on repayment of these notes. During the year ended April 30, 2009,

$99,000 of these loans was repaid and during 2010, $15,000 of these notes and accrued interest thereon was converted into approximately 463,000 shares of the Company's common stock. The holders of the remaining notes agreed to contingently convert those notes plus accrued interest into approximately 8,000,000 shares of the Company's common stock upon the Company's ability to meet all conditions precedent to begin drawing down on a senior credit facility. In July 2010, the Company sold to an accredited investor a one week 10%, $25,000 note and issued 25,000 shares of its restricted common stock as inducement for the note. The note is convertible at the holder's option into shares of common stock at $0.005 per share. In the event the note is not paid when due, the interest rate is increased to twenty percent until the note is paid in full and the Company is required to issue 50,000 shares of common stock per month until the note is paid in full. During the quarter ending July 31, 2010 one $20,000 note (which was classified as Notes Payable (see b above) was reclassified as a Bridge Loan) and is accruing interest at a default rate of 15% and is also accruing penalty shares at the rate of 20,000 shares per month. All of these notes have been extended to May 1, 2011.

(d) During the year ended April 30, 2009, the Company sold a secured note in the amount of $220,000. The note bore 12.46% simple interest. The note matured on January 29, 2010 and has been extended to September 1, 2011 and is secured by a second lien on a pool of motorcycles. In July 2010, the note holder agreed to convert the note and all accrued interest thereon into approximately 12,000,000 shares of the Company's common stock upon the Company demonstrating that it can meet all conditions precedent to begin drawing down on a senior credit facility. As of April 30, 2011, the balance outstanding was $220,000 since the Company has not met the conditions to precedent to convert the note to common shares.

(e) On September 19, 2007, the Company sold to one accredited investor for the purchase price of $150,000 securities consisting of a $150,000 convertible debenture due December 19, 2007, 100,000 shares of unregistered common stock, and 400,000 common stock purchase warrants. The debentures bear interest at the rate of 12% per year compounded monthly and are convertible into shares of the Company's common stock at $0.0504 per share. The warrants may be exercised on a cashless basis and are exercisable until September 19, 2007 at $0.05 per share. In the event the debentures are not timely repaid, the Company is to issue 100,000 shares of unregistered common stock for each thirty day period the debentures remain outstanding. The Company has accrued interest and penalties as per the terms of the note agreement. In May 2008, the Company repaid $1,474 of principal and $3,526 in accrued interest. Additionally, from April 26, 2008 through April 30, 2009, a third party to the note paid, on behalf of the Company, $41,728 of principal and $15,272 in accrued interest on the note, and the note holder converted $3,399 of principal and $6,601 in accrued interest into 200,000 shares of our common stock. This note has been extended to May 1, 2011.

Table of Contents

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

NOTE H - LOANS PAYABLE TO RELATED PARTIES

During the year ended April 30, 2011, the Company borrowed $5,000 from a Director of the Company on a demand basis without interest and repaid $2,000 leaving a balance outstanding of $373,000 to that Director. Additionally, during the fiscal year ending April 30, 2008, the Company borrowed $13,760 from an officer which remains outstanding.

At April 30, 2011 and 2010, included in accounts receivable, are $10,189 and $10,189, respectively, due from American Motorcycle Leasing Corp., a company controlled by a director and formerly controlled by the Company's Chief Executive Officer, for the purchase of motorcycles.

NOTE I - 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 740,000,000 shares of common stock with $0.001 par value per share. The Company had 125 and 125 shares of Series A preferred stock issued and outstanding as of April 30, 2011 and April 30, 2010, respectively. The Company had 157 and 157 shares of Series B preferred stock issued and outstanding as of April 30, 2011 and April 30, 2010 and 25.34 and 9.64 shares to be issued in lieu of cash dividends, respectively. The Company had 0 and 42,000 shares of Series C preferred stock issued and outstanding as of April 30, 2011 and April 30, 2010, respectively. The Company had 479,104,770 and 392,782,210 shares of common stock issued and outstanding and shares committed to be issued of 73,899,200 and 23,967,965 as of April 30, 2011 and April 30, 2010, 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 641 shares of common stock. There were no transactions of the Series A Preferred Stock during the year ended April 30, 2011.

Preferred Stock Series B

On July 24, 2009, the Company designated 1,000 shares as Series B Preferred Stock. The Series B Preferred Stock, with respect to dividend rights and rights upon liquidation, winding-up or dissolution, rank senior to the Company’s common stock and any other class or series of preferred stock, and junior to all of the Company’s existing and future indebtedness. The Series B Preferred Stock accrues dividends at an annual rate of 10%. Accrued dividends are payable upon redemption of the Series B Preferred Stock. The Company’s common stock may not be redeemed while shares of Series B Preferred Stock are outstanding. The Series B Preferred Stock certificate of designations provides that, without the approval of a majority of the shares of Series B Preferred Stock, the Company cannot authorize or create any class of stock ranking as to distribution of assets upon a liquidation senior to or otherwise pari passu with the Series B Preferred Stock, liquidate, dissolve or wind-up the Company’s business and affairs, or effect certain fundamental corporate transactions, or otherwise alter or change adversely the powers, preferences or rights given to the Series B Preferred Stock. The Series B Preferred Stock have a liquidation preference per share equal to the original price per share thereof plus all accrued dividends thereon upon liquidation, including upon consummation of certain fundamental corporate transactions, dissolution, or winding up of the Company's business. The shares of Series B Preferred Stock are redeemable at the Company's option on or after the fifth anniversary of the date of its issuance. There were no transactions of the Series B Preferred Stock during the year ended April 30, 2011. As of April 30, 2011, the Company has accrued 25.34 shares of Series B Preferred Stock to be paid in lieu of a 10% cash dividend.

Table of Contents

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

Preferred Stock Series C

In November 2009, the Company authorized a new series of 200,000 shares of preferred stock designated as Series C Convertible Preferred Stock, each share having a par value of $0.001 per share. The Series C Preferred Stock shall, upon liquidation, winding-up or dissolution, rank: (a) senior to the Company's common stock and any other class or series of preferred stock of the Company which by their terms are junior to the Series C Preferred Stock (collectively, together with any warrants, rights, calls or options exercisable for or convertible into such Preferred Stock, the "Junior Shares"); (b) junior to all existing and future indebtedness of the Company; and (c) junior to the Company's Series A and Series B Preferred Stock. The Series C Preferred Stock is not entitled to receive any dividends, has a liquidation value of $10.00 per share, redeemable at the Company's option at $10.00 per share, and is convertible at the option of the holder into shares of common stock as follows: the number of such shares of common stock to be received for each share of Series C Preferred Stock so converted shall be determined by (A) dividing the number of shares of Series C Preferred Stock to be converted by the weighted average closing price per share of the Company's common stock for the ten (10) trading days immediately preceding the date on which the Company agrees to issue shares of Series C Preferred Stock to such holder multiplied by (B) the Series C liquidation value. There were 0 and 42,000 shares issued and outstanding at April 30, 2011 and 2010, respectively.

During the fiscal year ended April 30, 2011, all of the outstanding shares of Series C Preferred stock were converted into 7,328,820 shares of the Company's common stock

Common Stock

During the fiscal years ended April 30, 2011 and 2010, the Company expensed $403,720 and $306,289, respectively, for non-cash charges related to stock and option compensation expense.

During the fiscal year ended April 30, 2011, the Company:

· issued 27,876,378 shares of its common stock upon the conversion of $341,241 of notes and interest payable, 4,649,910 of the shares were classified as to be issued,

· issued 5,231,293 shares of common stock which had been accrued in the prior fiscal year,

· sold and issued 74,997,279 shares of common stock for $724,086 and issued three year warrants to purchase 12,974,290 shares of common stock at $0.07 per share. 44,931,990 of the shares were classified as to be issued,

· issued, pursuant to notes and penalty provisions of notes, 5,706,000 shares of unregistered common stock, valued at $126,928, 395,000 of the shares were classified as shares to be issued,

· issued to members of its Advisory Council, three consultants, and pursuant to three consulting agreements a total of 19,060,000 shares of its common stock valued at $297,480, 1,000,000 of the shares had been accrued in the prior year,

·

issued, pursuant to prior agreements with two creditors, 1,402,356 shares of common stock and cancelled 71,500 shares which had been issued in the prior fiscal year to another creditor,

- issued to stock options, exercisable at $0.025 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, 2011, to the following officers and directors: Anthony Havens, 6,672,500 options; Kristian Srb, 2,465,000 options; Richard Trotter, 4,016,250 options; Jeffrey Bean, 956,250 options; Anthony Adler, 3,995,000 options; and Sandra Ahman, 3,145,000 options,

- issued to four employees under the Company’s 2005 Stock Incentive Compensation Plan options to purchase a total of 2,150,000 shares of common stock at $0.022 per share until December 1, 2018, subject to vesting at the rate of 40% on the grant date, 20% on December 1, 2011, 20% on December 1, 2012 and 20% on December 1, 2013,

- issued 7,328,820 shares of common stock upon the conversion of all of the outstanding shares of the Company’s Series C Preferred Stock,

- the Company’s majority owned subsidiary, Specialty Reports, Inc., sold 39.4 shares of its Series A Preferred stock to twelve accredited investors for $197,000. The Series A Preferred stock does not pay a dividend. Each share has a liquidating value of $5,000 and is redeemable by Specialty Reports at any time after one year. Each share is convertible at the holder’s option at any time into either 2,632 shares of Specialty Reports, Inc common stock, or 277,778 shares of Sparta Commercial Services common stock, and, Specialty Reports, Inc. sold 35 shares of its Series B Preferred stock to eight accredited investors for $180,000. The Series B Preferred stock does not pay a dividend. Each share has a liquidating value of $5,000 and is redeemable by Specialty Reports at any time after one year. Each share is convertible at the holder’s option at any time into either 2,222 shares of Specialty Reports, Inc common stock, or 200,000 shares of Sparta Commercial Services common stock.

Table of Contents

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

NOTE J – NONCONTROLLING INTEREST

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

During the fiscal year ended April 30, 2011, SRI sold 39.4 shares of its Series A Preferred stock to twelve accredited investors for $197,000. The Series A Preferred stock does not pay a dividend. Each share has a liquidating value of $5,000 and is redeemable by Specialty Reports at any time after one year. Each share is convertible at the holder's option at any time into either 2,632 shares of Specialty Reports, Inc common stock, or 277,778 shares of Sparta Commercial Services common stock, and, SRI sold 35 shares of its Series B Preferred stock to eight accredited investors for $180,000. The Series B Preferred stock does not pay a dividend. Each share has a liquidating value of $5,000 and is redeemable by SRI at any time after one year. Each share is convertible at the holder's option at any time into either 2,222 shares of SRI common stock, or 200,000 shares of Sparta Commercial Services common stock.

For the fiscal year ended April 30, 2011, the noncontrolling interest is summarized as follows:

		Amount
Balance at May 1, 2010	$	-
Issuance of Series A Preferred Stock		197,000
Issuance of Series B Preferred Stock		165000
Series B Preferred Stock to be issued		15,000
Issuance of SRI Common stock for purchase of Cyclechex, LLC		6,000
Noncontrolling interest's share of losses		(92,211)
Balance at April 30, 2011	$	290,789

NOTE K – FAIR VALUE MEASUREMENTS

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

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

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

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

Table of Contents

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

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, 2011:

	Fair Value at April 30, 2011	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Derivative liability	$ 484,301	-	-	$ 484,301
	$ 484,301	-	-	$ 484,301

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 L - INCOME TAXES

At April 30, 2011 and 2010, the Company has available for federal income tax purposes a net operating loss carry forward of approximately $27,911,415 and $24,313,564, 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.

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

Components of deferred tax assets as of April 30, 2011 and 2010 are as follows:

	April 30, 2011	April 30, 2010
Noncurrent:		
Net operating loss carry forward	$ 7,815,196	$ 6,807,978
Valuation allowance	(7,815,196)	(6,807,978)
Net deferred tax asset	$ -	$ -

The valuation allowance and increased by $1,007,218 and $52,022 during the years ended April 30, 2011 and 2010, respectively.

NOTE M - STOCK OPTIONS AND WARRANTS

On April 29, 2005, the Company issued to the Chief Operating Officer non qualified stock options to purchase 875,000 shares of the Company's common stock, subject to vesting conditions, at an exercise price of $0.605 per share. The options have a five year life from vesting. 350,000 of these options have expired.

During December 2005, the Company granted options to purchase an aggregate of 160,000 shares of common stock to two employees. The options have been valued at $75,795 using the Black-Sholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 177%, (3) risk-free interest rate of 4.38%, and (4) expected life of 3 years. The options were exercisable for ten years at an exercise price of $0.59, subject to vesting over a 38 month period. The options earlier terminated in fiscal 2010 in connection with separation from employment.

During the year ended April 30, 2007, the Company granted options to purchase an aggregate of 4,500,000 shares of common stock to one employee and one Director. At grant date, 1,000,000 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.

During the year ended April 30, 2008, the Company granted options to purchase an aggregate of 1,170,000 shares of common stock to thirteen employees. As a result of separation from employment, 870,000 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, 2009, the Company issued warrants to purchase an aggregate of 250,000 shares of common stock to a consultant. The warrants have been valued at $17,423 using the Black-Sholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 248%, (3) risk-free interest rate of 1.72%, and (4) expected life of 5 years. The warrants have an exercise price of $0.05 and are fully vested.

During the year ended April 30, 2009, the Company issued warrants to purchase an aggregate of 694,444 shares of common stock to one accredited investor in connection with the sale of a convertible note. The warrants have been valued at $40,811 using the Black-Sholes option pricing model with the following assumptions: (1) dividend yield of

0%; (2) expected volatility of 285%, (3) risk-free interest rate of 1.27%, and (4) expected life of 3 years. The warrants have an exercise price of $0.15 and are fully vested.

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

During the year ended April 30, 2009, the Company issued warrants to purchase an aggregate of 200,000 shares of common stock to two individuals in connection with their services to the Company. The warrants have been valued at $5,979 using the Black-Sholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 268%, (3) risk-free interest rate of 1.41%, and (4) expected life of 5 years. The warrants have an exercise price of $0.15 and are fully vested.

During the year ended April 30, 2010, the Company issued warrants to purchase an aggregate of 500,000 shares of common stock to a consultant. The warrants have been valued at $24,339 using the Black-Sholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 261%, (3) risk-free interest rate of 1.44%, and (4) expected life of 3 years. The warrants have an exercise price of $0.05 and are fully vested.

During the year ended April 30, 2010, in connection with the sale of short term notes, the Company issued three year warrants to purchase 4,953,264 shares of its common stock at $0.15 per share. The warrants have been valued at $346,726 using the Black-Sholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility of 281%, (3) risk-free interest rate of 1.42%, and (4) expected life of 3 years.

During the year ended April 30, 2010, in connection with the sale of common stock, the Company issued three year warrants to purchase 1,409,866 shares of its common stock at $0.15 per share and three year warrants to purchase 10,123,334 shares of its common stock at $0.07 per share.

During the year ended April 30, 2011, the Company issued stock options, exercisable at $0.025 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, 2011, to the following officers and directors: Anthony Havens, 6,672,500 options; Kristian Srb, 2,465,000 options; Richard Trotter, 4,016,250 options; Jeffrey Bean, 956,250 options; Anthony Adler, 3,995,000 options; and Sandra Ahman, 3,145,000 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.

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 2,150,000 shares of common stock at $0.022 per share until December 1, 2018, subject to vesting at the rate of 40% on the grant date, 20% on December 1, 2011, 20% on December 1, 2012 and 20% on December 1, 2013. 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.

During the year ended April 30, 2011, in connection with the sale of common stock, the Company issued three year warrants to purchase 12,974,299 shares of its common stock at $0.07 per share, to six accredited investors. The warrants have been valued at $340,521 using the Black-Sholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility ranging from 280 to 395, (3) risk-free interest rate ranging from 1.05% to 1.51%, and (4) expected life of 3 years.

During the year ended April 30, 2011, the Company issued five warrants to purchase an aggregate of 1,798,295 shares of common stock to a consultant. The warrants have been valued at $105,235 using the Black-Sholes option pricing model with the following assumptions: (1) dividend yield of 0%; (2) expected volatility ranging from 150 to 402,

(3) risk-free interest rate ranging from 1.64 % to 1.95%, and (4) expected life of 5 years. The warrants have an exercise price of $0.05 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.

Table of Contents

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

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
28,725,000	3.19	$ 0.06	10,435,100	$ 0.12

Transactions involving stock options issued to employees are summarized as follows:

	Number of Shares	Weighted Average Price Per Share
Outstanding at April 30, 2009	6,025,000	$ 0.24
Granted	-	-
Exercised	-	-
Canceled or expired	(525,000)	0.27
Outstanding at April 30, 2010	5,500,000	$ 0.23
Granted	23,400,000	0.025
Exercised	-	-
Canceled or expired	(175,000)	0.605
Outstanding at April 30, 2011	23,225,000	$ 0.06

The weighted-average fair value of stock options granted during the years ended April 30, 2011 and 2010 was $0.02 and $0.00, respectively, and the weighted-average significant assumptions used to determine those fair values, using a Black-Scholes option pricing model are as follows:

Significant Assumptions (weighted average):	2011	2010
Risk free interest rate at grant date:	1.023%	-
Expected stock price volatility	252%	-
Expected dividend payout	0	-
Expected options life in years(a)	2.91	-

(a) The expected option/warrant life is based on vested dates.

Table of Contents

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

There were no options granted during the year ended April 30, 2010

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

Warrants Outstanding				Warrants Exercisable	
Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 0.15	7,057,574	1.16	$ 0.15	7,057,574	$ 0.15
$ 0.11	250,000	2.06	$ 0.11	250,000	$ 0.11
$ 0.07	23,097,633	2.20	$ 0.07	23,097,633	$ 0.07
$ 0.066	500,000	1.51	$ 0.066	250,000	$ 0.066
$ 0.05	1,575,000	1.66	$ 0.05	1,575,000	$ 0.05
$ 0.0438	1,632,833	1.76	$ 0.0438	1,632,833	$ 0.0438
$ 0.017	1,798,295	4.71	$ 0.017	1,798,295	$ 0.017
	35,911,335	1.95	$ 0.08	35,661,335	$ 0.08

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

	Number of Shares	Weighted Average Price Per Share
Outstanding at April 30, 2009	6,407,814	$ 0.108
Granted	17,236,444	$ 0.102
Exercised	-	$ -
Canceled or expired	(350,000)	$ 0.061
Outstanding at April 30, 2010	23,294,278	$ 0.10
Granted	14,772,594	$ 0.06
Exercised	-	$ -
Canceled or expired	(2,155,537)	$ 0.18
Outstanding at April 30, 2011	35,911,335	$ 0.07

Table of Contents

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

The weighted-average fair value of stock warrants granted to non-employees during the years ended April 30, 2011 and 2010 was $0.05 and $0.05, respectively, and the weighted-average significant assumptions used to determine those fair values, using a Black-Scholes option pricing model are as follows:

	2011	2010
Significant assumptions (weighted-average):		
Risk-free interest rate at grant date	1.37%	1.42%
Expected stock price volatility	332%	281%
Expected dividend payout		-
Expected option life-years	3 yrs	3 yrs

The amount of the expense charged to operations for compensatory warrants granted in exchange for services was $105,235 and $260,000 for the years ended April 30, 2011 and 2010, respectively.

NOTE N- COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments

In October 2004, the Company entered into a lease agreement with an unrelated party for office space in New York City from December 1, 2004 through November 30, 2007. This lease was renewed on October 24, 2007 or an additional 5 years. Total lease rental expense for the years ended April 30, 2011 and 2010, was $330,765 and $312,633, respectively. The Company has determined not to record deferred rent in order to recognize rent expense over the term of the lease on a straight line basis, as the amount has been determined to be immaterial to the overall consolidated financial statements.

Commitment for minimum rentals under non-cancelable leases Including Contractual charge for water and sprinkler are:

April 30, 2012	$312,565
To November 1, 2012	$184,947

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.

Table of Contents

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

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

Litigation

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

NOTE O - NON-CASH FINANCIAL INFORMATION

During the year ended April 30, 2011, the Company:

· issued 21,250,000 stock options to six officers and directors, exercisable at $0.025 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, 2011. The vested and unvested options were initially valued at $409,790.

· issued to four employees under the Company's 2005 Stock Incentive Compensation Plan options to purchase a total of 2,150,000 shares of common stock at $0.022 per share until December 1, 2018, subject to vesting at the rate of 40% on the grant date, 20% on December 1, 2011, 20% on December 1, 2012 and 20% on December 1, 2013. The vested and unvested options were initially valued at $42,961.

· in connection with the sale of common stock, issued three year warrants to purchase 12,974,299 shares of its common stock at $0.07 per share, to six accredited investors. The warrants have been valued at $340,521.

· issued five warrants to purchase an aggregate of 1,798,295 shares of common stock to a consultant. The warrants have been valued at $105,235.

· issued, pursuant to notes and penalty provisions of notes, 5,706,000 shares of unregistered common stock, valued at $116,788, 395,000 of the shares were classified as shares to be issued.

· issued to members of its Advisory Council, three consultants, and pursuant to three consulting agreements a total of 19,060,000 shares of its common stock valued at $279,785, 1,000,000 of the shares had been accrued in the prior year.

During the year ended April 30, 2010, the Company:

- issued 4,000,000 shares of unregistered common stock valued at $230,000 and 2,000,000 shares of registered stock valued at $100,000 to two consulting firms.

- issued 4,220,000 shares of unregistered common stock valued at $234,820 and accrued 180,000 shares of unregistered common stock valued at $8,400 to five individuals pursuant to the terms and provisions of their loans.

- accrued 180,000 shares of unregistered common stock valued at $12,400 to two individuals as an inducement for loans.

Table of Contents

SPARTA COMMERCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2011 AND 2010

NOTE P - SUBSEQUENT EVENTS

Subsequent to April 30, 2011:

- three note holders converted $153,884 principal amount of notes plus accrued interest thereon into 26,857,060 shares of the Company’s common stock,
- two individuals purchased 7,400,000 shares of the Company’s restricted common stock for $37,000,
- the Company issued 500,000 shares of restricted common stock in consideration of a loan extension,
- the Company issued 1,305,339 shares of restricted common stock as payment for $16,750 in consulting services,
- sold to an investor a $45,000, nine month, 8% note, convertible at the note holder’s option at a variable conversion price such that during the period during which the note is outstanding, 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,
- 2,679,000 shares valued at $33,596 were issued pursuant to terms of various notes, and
- 12,439,343 shares listed as to be issued at April 30, 2011 were issued.

NOTE Q - 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, 2011, the Company has incurred a net loss of $3,663,867 during the year ended April 30, 2011. As of April 30, 2011, the Company’s had a deficit net worth of $2,946,315 and accumulated deficit of $35,114,801. 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.

Table of Contents

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, 2011. 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, 2011 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, 2011, 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, 2011 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, 2011.

Changes in Internal Controls

During the fiscal quarter ended April 30, 2011, 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.

Table of Contents

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, 2011.

Name	Age	Position
Anthony L. Havens	57	Chief Executive Officer, President, and Chairman
Kristian Srb	56	Director
Jeffrey Bean	58	Director
Anthony W. Adler	71	Executive Vice President and Principal Financial Officer
Richard P. Trotter	68	Chief Operating Officer
Sandra L. Ahman	48	Vice President, Secretary and Director

Management Profiles

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

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

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

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

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

Table of Contents

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 since 2002 as a member of the Advisory Council of their Board of Trustees.

Board of Directors Information and Corporate Governance

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

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

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

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

Code of Ethics

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

Table of Contents

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, 2011, 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, 2011 ("Named Executive Officers").

Name and Principal Position	Year	Salary ($)(a)	Bonus ($)	Stock Awards ($)(b)	Option Awards ($)(b)(c)	All Other Compensation ($)(d)	Total ($)
Anthony L. Havens	2011	280,000	89,514	0	128,671	11,005	509,190
Chief Executive Officer	2010	280,000	0	0	0	0	280,000
Anthony W. Adler	2011	185,000	0	0	77,039	0	262,039
Executive Vice President and Principal Financial Officer	2010	185,000	0	0	141,280	0	326,280
Richard P. Trotter	2011	200,000	0	0	77,448	0	277,448
Chief Operating Officer	2010	200,000	0	0	0	0	200,000

(a) For Mr. Adler, includes accrued; unpaid net salary of $112,286 and $80,627 at year end 2011 and 2010, respectively, and $19,539 in salary and $30,461 in unreimbursed business expenses foregone in exchange of 3,333,333 shares of common stock in fiscal 2010. For Mr. Trotter, includes accrued; unpaid net salary of $152,279 and $116,419 at year end 2011 and 2010, respectively, and $8,763 in salary and $41,237 in unreimbursed business expenses foregone in exchange of 3,333,333 shares of common stock in fiscal 2010.

(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 M to the consolidated financial statements.

(c) On May 12, 2010, the Company issued stock options to its key executives, exercisable at $0.025 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, of which 6,672,500 options were issued to Mr. Havens, 3,995,000 options were issued to Mr. Adler, and 4,016,250 options were issued to Mr. Trotter.

(d) This column reports the total amount of perquisites and other benefits provided, if such total amount exceed $10,000. In fiscal 2011, for Mr. Havens, this includes $11,005 for garage rental.

Table of Contents

In general, compensation payable to a Named Executive Officer consists of a base salary, a stock or stock option award, and may also include a cash bonus. During our 2011 fiscal year, we had in effect a written employment agreement with the Mr. Havens. Our compensation system has generally not been tied to performance based conditions other than the passage of time.

Employment Agreement with CEO

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

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

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

Table of Contents

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, 2011.

	Option Awards				Stock Awards	
Name	Number of securities underlying unexercised options (#) Exercisable	Number of securities underlying unexercised options (#) Unexercisable	Option exercise price ($)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested ($)
Anthony L. Havens (1)	1,334,500	5,338,000	0.025	5/12/2015	-	-
Anthony W. Adler (2)	4,000,000	-	0.1914	9/21/2011		
Anthony W. Adler (1)	799,000	3,196,000	0.025	5/12/2015	-	-
Richard P. Trotter (1)	803,250	3,213,000	0.025	5/12/2015	-	-
Richard P. Trotter (3)	175,000	-	0.605	4/29/2012	-	-
Richard P. Trotter (3)	175,000	-	0.605	4/29/2013	-	-
Richard P. Trotter (3)	175,000	-	0.605	4/29/2014	-	-

(1) Granted pursuant to an option agreement dated May 12, 2010. The options are exercisable, subject to vesting, for a period of five years from the grant date at $0.025 per share.
(2) Granted pursuant to an option agreement dated September 22, 2006. The options are exercisable for a period of five years from the vesting date at $0.1914 per share.
(3) Granted pursuant to an option agreement dated April 29, 2005.

Compensation of Directors

In fiscal 2011, non-employee directors were compensated for their services in the amounts set forth below.

Name	Fees earned or paid in cash ($)	Stock awards ($)(a)	Option awards ($)(a)	All other compensation ($)	Total ($)
Jeffrey Bean	0	0	18,440	–	18,440
Kristian Srb	0	0	47,534	–	47,534

(a) 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 M to the consolidated financial statements.
(b)

On May 12, 2010, the Company issued to stock options, exercisable at $0.025 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, as follows: 956,250 options to Mr. Bean; and 2,465,000 options to Mr. Srb.

Table of Contents

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, 2011.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plan
Equity compensation plans approved by securities holders	2,450,000	$ 0.03	6,050,000
Equity compensation plans not approved by security holders	32,031,128	$ 0.06	6,125,192
Total	34,481,128	$ 0.06	12,175,192

(a) For purposes of the table, does not include shares issued and outstanding pursuant to the Company's 2009 Consultant Stock Plan, nor 100,000 shares vested pursuant to a restricted stock grant.
(b) Calculation excludes shares issued pursuant to stock grants.

Plans in the Shareholder Approved Category

In July 2004, we adopted our 2005 Stock Incentive Compensation Plan. The plan authorizes our Board of Directors to grant securities, including stock options, to employees, directors and others, in the aggregate amount of 8,500,000 shares of common stock. Securities issued under the plan may be stock awards, non-qualified options, incentive stock options, or any combination of the foregoing. In general, stock options granted under the plan have a maximum duration of ten years from the date of the grant and are not transferable. The per share exercise price of any incentive stock option granted under the plan may not be less than the fair market value of the common stock on the date of grant. Incentive stock options granted to persons who have voting control over ten percent or more of our capital stock are granted at 110% of fair market value of the underlying common stock on the date of grant and expire five years after the date of grant. No options may be granted after July 1, 2014. During the year ended April 30, 2011, 2,150,000 options were granted and no options were exercised or terminated. As of April 30, 2011, options to purchase 2,450,000 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 125,000 shares of our common stock, subject to vesting and subject to continued employment. As of April 30, 2011, Mr. Trotter was vested with 125,000 shares, of which only 25,000 shares have been issued to date.

On April 29, 2005, pursuant to an option agreement with Richard Trotter, our Chief Operating Officer, we issued stock options to purchase up to 875,000 shares of our common stock. The stock options are exercisable for five years from the vesting date at $0.605 per share. The options vested in increments of 175,000 options on each of April 29, 2005, 2006, 2007, 2008, and 2009. Options to purchase an aggregate of 350,000 shares expired in 2010 and 2011.

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 4,000,000 shares of a common stock, exercisable at $0.1914 per share until September 22, 2011.

On October 23, 2006, pursuant to an option agreement with Jeffrey Bean, one of our directors, we issued stock options to purchase up to 500,000 shares of common stock, exercisable at $0.12 per share until October 23, 2011.

Table of Contents

In July 2007, we entered into a three month consulting agreement with a consulting firm pursuant to which we issued five year warrants to purchase 1,000,000 shares of common stock exercisable at $0.05 per share.

In October 2007, we entered into a consulting agreement for financial advisory services with an individual pursuant to which we issued five year warrants to purchase 375,000 shares of common stock exercisable at $0.05 per share.

On January 31, 2008, we issued to a consultant pursuant to a placement agency agreement five year warrants to purchase 1,632,833 shares of common stock exercisable at $0.0438 per share.

On May 20, 2008, we entered into a consulting agreement for financial advisory services with a firm pursuant to which we issued five year warrants to purchase 250,000 shares of common stock exercisable at $0.011 per share.

On February 27, 2009, we issued to two consultants five year warrants to purchase an aggregate of 200,000 shares of common stock at $0.05 per share.

On November 20, 2009, we entered into a consulting agreement for financial advisory services with a firm pursuant to which we issued three year warrants to purchase 500,000 shares of common stock exercisable at $0.066 per share.

On May 12, 2010, we issued stock options, exercisable at $0.025 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, 2011, to the following officers and directors: Anthony Havens, 6,672,500 options; Kristian Srb, 2,465,000 options; Richard Trotter, 4,016,250 options; Jeffrey Bean, 956,250 options; Anthony Adler, 3,995,000 options; and Sandra Ahman, 3,145,000 options.

During the five months ended April 30, 2011, we issued to a consultant five year warrants to purchase a total of 1,798,295 shares of common stock exercisable at $0.017 per share.

In May 2009, the Company’s Board of Directors authorized a 2009 Consultant Stock Plan covering 10,000,000 shares of the Company’s common stock for purposes of compensation of certain consultants. During fiscal 2011, the Company issued 1,402,356 shares under the plan, and 71,500 shares were cancelled. As of April 30, 2011, 6,125,192 shares were available for issuance pursuant to the plan.

Common Stock Ownership

The table below sets forth information regarding the beneficial ownership of our common stock as of April 30, 2011 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.

Table of Contents

Name (a)	Number of Shares Beneficially Owned	Percentage of Class Beneficially Owned
Anthony L. Havens (1)	32,936,750	6.8
Kristian Srb (2)	34,750,550	7.2
Jeffrey Bean (3)	1,119,850	0.2
Anthony W. Adler (4)	10,730,333	2.2
Richard P. Trotter (5)	6,393,083	1.3
Sandra L. Ahman (6)	2,467,865	.5
All current directors and named officers as a group (6 in all)	88,398,431	18.2

(a) Unless indicated otherwise, the address for each person named in the table is c/o Sparta Commercial Services, Inc., 462 Seventh Ave, 20th Floor, New York, NY 10018.

(1) Mr. Havens' minor son owns approximately 2,000,000 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. Includes1,334,500 vested options, and 2,669,000 options subject to vesting on May 12, 2011, exercisable at $0.025 per share until May 12, 2015.

(2) Includes 62,500 shares of common stock held by Mr. Srb's minor daughter, for which Mr. Srb may be deemed to have beneficial ownership of such shares. Includes 493,000 vested options, and 986,000 options subject to vesting on May 12, 2011, and exercisable at $0.025 per share until May 12, 2015.

(3) Includes 500,000 vested stock options, exercisable at $0.12 per share until October 23, 2011, and 191,250 vested options, and 382,500 options subject to vesting on May 12, 2011, exercisable at $0.025 per share until May 12, 2015.

(4) Includes 4,000,000 vested stock options, exercisable at 0.1914 per share until September 22, 2011, and 3,333,333 shares held by The Anthony W. Adler Irrevocable Trust, dated October 1, 2009. Includes 799,000 vested options, and 1,598,000 options subject to vesting on May 12, 2011, exercisable at $0.025 per share until May 12, 2015.

(5) Includes 125,000 vested shares, of which only 25,000 of such vested shares have been issued to date, 525,000 vested stock options, exercisable at $0.605 per share and expiring at the rate of 175,000 on each of April 29, 2012, 2013, and 2014, and 3,333,333 shares held by The Richard and Kay Trotter Trust Established March 18, 2009. Includes 803,250 vested options, and 1,606,500 options subject to vesting on May 12, 2011, exercisable at $0.025 per share until May 12, 2015.

(6) Includes 629,000 vested options, and 1,258,000 options subject to vesting on May 12, 2011, exercisable at $0.025 per share until May 12, 2015.

Changes in Control

We do not have any arrangements that may result in a change in control.

Table of Contents

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

During the fiscal years ended April 30, 2011 and 2010, we received non-interest bearing demand loans in the aggregate amount of $5,000 and $31,320 respectively, of which $2,000 and $17,320, respectively were repaid from Kristian Srb, one of our directors. As of April 30, 2011, we owed Mr. Srb $373,000.

On October 31, 2008, the Company purchased certain loans secured by a portfolio of all American Motorcycle Leasing Corp's motorcycle leases for a total purchase price of $100,000. At April 30, 2010 and 2011, included in accounts receivable, are $10,169 and $10,169 respectively, due from American Motorcycle Leasing Corp. From time to time, we have engaged in certain transactions with American Motorcycle Leasing Corp. A director of the Company serves on American Motorcycle Leasing Corp.'s board of directors. The Company's Chief Executive Officer was formerly a control person of American Motorcycle Leasing Corp. Certain of our officers, directors, and employees have worked for American Motorcycle Leasing Corp. and may continue to do so on a limited basis for the near future, and have had equity interests in American Motorcycle Leasing Corp. While our business plans differ from those of American Motorcycle Leasing Corp., we operate in the same industry as American Motorcycle Leasing Corp. and issues could arise with respect to the taking of corporate opportunities of each other. Any competition with American Motorcycle Leasing Corp. could adversely affect our business, operating results and financial condition. Accordingly, we may be subject to legal proceedings and claims, including claims of alleged infringement of the intellectual property, competition, conflict of interest, and other business governance related claims. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

We believe that the terms of all of the above transactions are commercially reasonable and no less favorable to us than we could have obtained from an unaffiliated third party on an arm's length basis. Our policy requires that all related parties recuse themselves from negotiating and voting on behalf of our company in connection with related party transactions.

Director Independence

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

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

Fees for audit services provided by RBSM LLP, our principal independent registered public accounting firm, during the fiscal years ended April 30, 2011 and 2010 were $116,838 and $126,810, 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.

Table of Contents

Audit-Related Fees

Fees for audit-related services provided by our principal independent registered public accounting firm during the fiscal years ended April 30, 2011 and 2010 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, 2011 and 2010 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, 2011 and 2010.

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, 2011 and 2010 were pre-approved. The Board of Directors is responsible for matters typically performed by an audit committee. We do not presently have a separate audit committee of the Board of Directors. The Board of Directors considered whether, and determined that, the auditor's provision of audit and non-audit services was compatible with maintaining the auditor's independence.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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

(1) Index to Consolidated Financial Statements

Report of Registered Independent Certified Public Accounting Firm
Consolidated Balance Sheets as of April 30, 2011 and 2010
Consolidated Statements of Losses for the years ended April 30, 2011 and 2010
Consolidated Statement of Deficit for the two years ended April 30, 2011
Consolidated Statements of Cash Flows for the years ended April 30, 2011 and 2010
Notes to Consolidated Financial Statements

(2) Index to Financial Statement Schedules

Not required.

Table of Contents

(3) Index to Exhibits

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

	24, 2006)
10.7+	2005 Stock Incentive Compensation Plan (Incorporated by reference to Exhibit 4 of Form 10-KSB filed on August 13, 2004)
10.8	2010 Consultant Stock Plan (Incorporated by reference to Exhibit 99.1 of Form S-8 filed on May 12, 2010)
10.9	Master Loan and Security Agreement - Motor Vehicles (Incorporated by reference to Exhibit 10.1 of Form 8-K filed on July 28, 2005)
10.10	Master Loan and Security Agreement (Installment Sale Contract) (Incorporated by reference to Exhibit 10.2 of Form 8-K filed on July 28, 2005
10.11	Form of Loan Agreement, December 2005 (Incorporated by reference to Exhibit 10.1 of Form 10-QSB filed on March 22, 2006)
10.12	Form of Promissory Note (Incorporated by reference to Exhibit 10.3 of Form 10-QSB filed on December 18, 2006)
10.13	Form of Promissory Note (Incorporated by reference to Exhibit 10.4 of Form 10-QSB filed on December 18, 2006)
10.14	Form of Convertible Debenture (Incorporated by reference to Exhibit 10.1 of Form 10-QSB filed on December 21, 2007)
10.15	Preferred Stock Purchase Agreement, dated as of July 29, 2009, by and among Sparta Commercial Services, Inc. and Optimus Capital Partners, LLC (Incorporated by reference to Exhibit 10.1 of Form 8-K filed on July 30, 2009)
10.16	Motorcycle Lease Warehousing Master Lease Funding Agreement dated September 28, 2010 between registrant and Vion Operations LLC (Incorporated by reference to Exhibit 10 of Form 8-K filed on September 29, 2010)
10.17	Motorcycle Lease Warehousing Master Services Agreement dated September 28, 2010 between registrant and Vion Operations LLC (Incorporated by reference to Exhibit 10.2 of Form 8-K filed on September 29, 2010)
11	Statement re: computation of per share earnings is hereby incorporated by reference to Part II, Item 8 of this report
14.1*	Code of Ethics
21.1*	List of Subsidiaries
23.1*	Consent of RBSM LLP
31.1*	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a)
31.2*	Certification of Principal Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a)
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350

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* Filed herewith.

+ Represents executive compensation plan or agreement

Table of Contents

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 15, 2011

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 15, 2011

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

Date: August 15, 2011

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

Date: August 15, 2011

By: /s/ Kristian Srb
Kristian Srb
Director

Date: August 15, 2011

By: /s/ Jeffrey Bean
Jeffrey Bean

Director

Date: August 15, 2011