

TELEFONICA BRASIL S.A.
Form 6-K
March 27, 2018

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE
SECURITIES EXCHANGE ACT OF 1934**

For the month of March, 2018

Commission File Number: 001-14475

TELEFÔNICA BRASIL S.A.
(Exact name of registrant as specified in its charter)

TELEFONICA BRAZIL S.A.
(Translation of registrant's name into English)

Av. Eng° Luís Carlos Berrini, 1376 - 28° andar
São Paulo, S.P.
Federative Republic of Brazil
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes

No

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Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes

No

X

TELEFÔNICA BRASIL S.A.

QUARTERLY INFORMATION

DECEMBER 31, 2017

(A free translation of the original in Portuguese)

Independent auditor's report

To the Board of Directors and Stockholders

Telefônica Brasil S.A.

Opinion

We have audited the accompanying parent company financial statements of Telefônica Brasil S.A. ("Company" or "Parent company"), which comprise the balance sheet as at December 31, 2017 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Telefônica Brasil S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2017 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Telefônica Brasil S.A. and of Telefônica Brasil S.A. and its subsidiaries as at December 31, 2017, and the financial performance and cash flows for the year then ended, as well as the consolidated financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the parent company and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our

audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Why it is a key audit matter

How the matter was addressed in the audit

Provision for tax and regulatory contingencies

The Company and its subsidiaries are parties to a number of judicial and administrative civil, labor, tax and regulatory proceedings which arise in the normal course of their activities (Notes 3 and 18 to the financial statements). With respect to these tax and regulatory areas, the Company and its subsidiaries, at December 31, 2017, present loss contingencies totaling R\$ 44 billion and R\$6.4 billion, respectively, of which R\$ 3.5 billion and R\$ 1.1 billion, respectively, had been provided for as management, supported by external legal counsel, believes the likelihood of loss to be probable.

Because of the complexity of the tax and regulatory environment, the significance of the amounts involved and the critical judgment required to estimate the likelihood of loss, any changes in perspectives and/or judgment may significantly affect the financial statements of the Company and its subsidiaries.

For these reasons, we focused on the calculation and disclosure of these contingencies during our audit.

Our audit procedures included:

- a) Obtaining confirmation from the Company's external legal counsel for ongoing tax and regulatory proceedings, as well as management's estimates of the amounts and the likelihood of loss;
- b) Having management obtain, for significant tax and regulatory proceedings, with more subjective and complex interpretations, a position from renowned, independent experts on the likelihood of loss, and the basis for a defense;
- c) For the more significant contingencies, meeting with management to discuss and assess, with the support of our experts, when applicable, the Company's basis of conclusion;
- d) Assessing the adequacy of the disclosures presented in the notes to the financial statements; and
- e) Understanding and assessing the principal internal controls over the contingency identification and registration/disclosure processes.

We have concluded that management has adequate internal controls and accounting policies, as well as supporting documentation, to provide a reasonable and consistent basis for its conclusions.

Recognition of unbilled revenue

The recognition of revenue obtained from telecommunication services is considered a significant inherent risk, because it involves complex billing systems, requiring the processing of large volumes of data across varied product portfolios, which contain pricing inputs from a number of marketing plans (Notes 3 and 23 to the financial statements).

Additionally, within this context, revenues are recognized on a monthly basis upon inflow of economic benefits and when there are the billed and unbilled revenues, arising from the services rendered between the billing date and the end of the month, being identified, processed, and recognized at the end of the service month. Unbilled revenue recorded in the month during which the services were rendered is reversed in the month subsequent to the effective billing month, and a new calculation for the measurement of unbilled revenue from services rendered during that month is made. This practice is repeated during the year.

We focused on this area during our audit because any inconsistency in the calculation of these estimates may significantly affect the financial statements of the Company and its subsidiaries.

Our audit procedures included, among others:

- a) Assessing and testing the relevant Information Technology (IT) systems;
- b) Testing the transactions of revenue from services rendered on a non-statistical sampling basis;
- c) Understanding and assessing management's estimates to determine realized unbilled revenue at the end of the year;
- d) Recalculating the estimate of revenue realized but not billed at the end of the year, and comparing these estimates with revenue effectively billed in the month after the closing;
- e) Adequacy of disclosures presented in the notes to the financial statements; and
- f) Understanding and assessing the principal internal controls over the measurement and accounting recognition of unbilled revenue from services rendered.

We have established that the internal controls and the estimates used by management have applied a reasonable basis for the recognition of revenue, consistent with the information included in the financial statements.

Internal control and information technology environment

The Company is engaged in the provision of telecommunications services and in the development of activities that are necessary or support the performance of such services. The services include: (i) Switched Fixed Telephone Service ("STFC"), (ii) Multimedia

With the support of our information technology experts, our audit procedures included the understanding and assessment of the information technology environment and the automated and manual controls over the application systems that are relevant to the preparation of the financial

Communication Service ("SCM"), data communication, statement.
including broadband Internet);

(iii) Personal Mobile Service ("SMP"); and (iv) Cable Television Network (Conditioned Access Service - "SEAC"), throughout Brazil, via concessions and authorizations, as established in the General Grant Plan ("PGO"). The Company is highly dependent on its information technology structure, which processes a considerable volume of transactions from its business operations.

Because of the Company's history of acquisitions as well as the volume of the Company's transactions, its information technology structure comprises more than one technological platform, each with different processes and segregated controls, which require a robust internal control system. Management is required to closely monitor daily operations, including the follow-up and compilation of physical quantitative, financial, and fiscal information from the services rendered.

We focused on this area in our audit because we identified a number of both manual and automated operational controls, a high level of system accesses, and decentralized segregation of duties environment. The assessment of the effectiveness of the processes and controls is critical to the audit process and to the definition of the intended scope for obtaining the necessary comfort, because a failure in the controls and/or processes might result in the incorrect processing of information and, consequently, in the improper presentation of the financial statements.

The procedures carried out comprise the combination of testing of the principal controls (and, when necessary, compensatory control testing), the testing of information security components, of privileged management access and of segregation of duties, that impact the financial statements. We also tested the automated and manual accounting entries, using a sample defined based on specific criteria related to the control transgression risk.

The results of these procedures provided appropriate and sufficient audit evidence regarding the proper preparation of the financial statements.

Other matters

Statements of value added

The parent company and consolidated statements of value added for the year ended December 31, 2017, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the financial statements of the Company and its subsidiaries. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the Brazilian Technical Pronouncements Committee CPC 09 - "Statement of Value Added". In our opinion, these statements of value added have been properly prepared, in all material respects, in accordance with the criteria established in the Technical Pronouncement, and are consistent with the parent company and consolidated financial statements taken as a whole.

Prior-year information

The financial statements for the year ended December 31, 2016 were audited by another firm of independent auditors, whose report, dated February 17, 2017, expressed an unqualified opinion on those statements.

Other information accompanying the parent company and consolidated financial statements and the auditor's report

The Company's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the parent company and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the parent company and consolidated financial statements

Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the IFRS as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's responsibilities for the audit of the parent company and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and its subsidiaries.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, February 16, 2018

PricewaterhouseCoopers

Auditores Independentes

CRC 2SP000160/O-5

Estela Maris Vieira de Souza

Contadora CRC 1RS046957/O-3

TELEFÔNICA BRASIL S.A.
Balance Sheets
At December 31, 2017 and 2016

(In thousands of reais)

ASSETS	Note	Company		Consolidated		LIABILITIES AND EQUITY
		12.31.17	12.31.16	12.31.17	12.31.16	
Current assets		16,668,039	17,482,265	16,731,666	18,398,995	Current liabilities
Cash and cash equivalents	4	3,681,173	4,675,627	4,050,338	5,105,110	Personnel, social charges and benefi
Trade accounts receivable	5	8,413,403	8,282,685	8,588,466	8,701,688	Trade accounts payable
Inventories	6	324,711	368,151	348,755	410,413	Taxes, charges and contributions