

TELEFONICA S A
Form 6-K
March 30, 2012

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

For the month of March, 2012

Commission File Number: 001-09531

Telefónica, S.A.

(Translation of registrant's name into English)

Distrito Telefónica, Ronda de la Comunicación s/n,

28050 Madrid, Spain

3491-482 85 48

(Address of principal executive offices)

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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

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

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

Telefónica, S.A.

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1.	Telefónica 2011 Annual Accounts Account Auditor's Report, Annual Accounts and Management Report of Telefónica, S.A., all for the Fiscal Year 2011. Account Auditor's Report, Annual Accounts and Management Report of the Consolidated Group of Companies, all for the Fiscal Year 2011.	

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Telefónica, S.A. hereby submits the Individual Annual Accounts of Telefónica, S.A. and the Consolidated Annual Accounts of Telefónica S.A. and its Group of Subsidiaries for 2011 financial year, that have been filed with the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores CNMV).

The aforesaid Annual Accounts will be submitted for approval of the next Annual General Shareholders Meeting of the Company, the dates of which will be announced due course.

Madrid, March 30th, 2012

AUDIT REPORT, ANNUAL FINANCIAL STATEMENTS, AND
MANAGEMENT REPORT OF TELEFÓNICA, S.A., ALL FOR THE
YEAR ENDED DECEMBER 31, 2011

Audit Report

TELEFÓNICA, S.A.

Financial Statements and Management Report

for the year ended

December 31, 2011

*Translation of a report and financial statements originally issued in Spanish. In the event of
discrepancy, the Spanish-language version prevails (See Note 23)*

AUDIT REPORT ON THE FINANCIAL STATEMENTS

To the Shareholders of

Telefónica, S.A.

We have audited the financial statements of Telefónica, S.A., which comprise the balance sheet at December 31, 2011, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended. The Company's Directors are responsible for the preparation of the financial statements in accordance with the regulatory framework for financial information applicable to the entity in Spain (identified in Note 2.a to the accompanying financial statements), and specifically in accordance with the accounting principles and criteria contained therein. Our responsibility is to express an opinion on the aforementioned financial statements taken as a whole, based upon work performed in accordance with prevailing audit regulation in Spain, which require the examination, through the performance of selective tests, of the evidence supporting the financial statements and the evaluation of whether their presentation, the accounting principles and criteria applied and the estimates made are in agreement with the applicable regulatory framework for financial information.

In our opinion, the accompanying 2011 financial statements give a true and fair view, in all material respects, of the equity and financial position of Telefónica, S.A. at December 31, 2011, and of the results of its operations and its cash flow for the year then ended, in conformity with the applicable regulatory framework for financial information in Spain, and specifically the accounting principles and criteria contained therein.

The accompanying 2011 management report contains such explanations as the Directors consider appropriate concerning the situation of the Company, the evolution of its business and other matters; however, it is not an integral part of the financial statements. We have checked that the accounting information included in the aforementioned management report agrees with the 2011 financial statements. Our work as auditors is limited to verifying the management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the Company's accounting records.

ERNST & YOUNG, S.L.

Ignacio Viota del Corte

March 28, 2012

Domicilio Social: Pl. Pablo Ruiz Picasso, 1. 28020 Madrid

Inscrita en el Registro Mercantil de Madrid al

Tomo 12749, Libro 0, Folio 215, Sección 8ª,

Hoja M-23123, Inscripción 116. C.I.F. B-78970506

TELEFÓNICA, S.A.
ANNUAL FINANCIAL STATEMENTS AND MANAGEMENT
REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011

TELEFÓNICA, S.A.

BALANCE SHEET AT DECEMBER 31

(Millions of euros)

ASSETS	Notes	2011	2010
NON-CURRENT ASSETS		87,198	87,748
Intangible assets	5	68	71
Patents, licenses, trademarks, and others		9	4
Software		11	14
Other intangible assets		48	53
Property, plant and equipment	6	338	381
Land and buildings		154	150
Plant and other PP&E items		141	157
Property, plant and equipment under construction and prepayments		43	74
Investment property	7	423	345
Land		65	65
Buildings		358	280
Non-current investments in Group companies and associates	8	79,036	81,726
Equity instruments		77,396	78,870
Loans to Group companies and associates		1,618	2,832
Other financial assets		22	24
Financial investments	9	4,728	3,008
Equity instruments		556	473
Loans to third parties		37	36
Derivatives	16	4,118	2,486
Other financial assets		17	13
Deferred tax assets	17	2,605	2,217
CURRENT ASSETS		5,339	5,369
Non-current assets held for sale	8		624
Trade and other receivables	10	698	574
Current investments in Group companies and associates	8	3,478	3,335
Loans to Group companies and associates		3,390	3,295
Derivatives	16	57	12
Other financial assets		31	28
Investments	9	394	414
Loans to companies		46	29
Derivatives	16	348	360
Other financial assets			25
Accruals		4	6
Cash and cash equivalents		765	416
Cash		765	416
TOTAL ASSETS		92,537	93,117

The accompanying Notes 1 to 23 and Appendix I are an integral part of these balance sheets

TELEFÓNICA, S.A.

BALANCE SHEET AT DECEMBER 31

(Millions of euros)

EQUITY AND LIABILITIES	Notes	2011	2010
EQUITY		26,597	29,400
CAPITAL AND RESERVES		27,212	29,550
Share capital	11	4,564	4,564
Share premium	11	460	460
Reserves	11	22,454	24,710
Legal		984	984
Other reserves		21,470	23,726
Treasury shares and own equity instruments	11	(1,782)	(1,376)
Profit for the year	3	4,910	4,130
Interim dividend	3	(3,394)	(2,938)
UNREALIZED GAINS (LOSSES) RESERVE	11	(615)	(150)
Available-for-sale financial assets		(40)	(5)
Hedging instruments		(575)	(145)
NON-CURRENT LIABILITIES		47,236	43,693
Non-current provisions		42	42
Other provisions		42	42
Non-current borrowings	12	11,339	8,009
Bonds and other marketable debt securities	13	170	148
Bank borrowings	14	9,046	6,822
Derivatives	16	2,033	1,031
Finance leases		86	
Other debts		4	8
Non-current borrowings from Group companies and associates	15	35,381	34,864
Deferred tax liabilities	17	474	778
CURRENT LIABILITIES		18,704	20,024
Current provisions		65	4
Current borrowings	12	1,033	1,455
Bonds and other marketable debt securities	13	87	104
Bank borrowings	14	742	1,176
Derivatives	16	204	175
Current borrowings from Group companies and associates	15	17,140	16,009
Trade and other payables	18	440	2,522
Accruals		26	34
TOTAL EQUITY AND LIABILITIES		92,537	93,117

The accompanying Notes 1 to 23 and Appendix I are an integral part of these balance sheets.

TELEFÓNICA, S.A.

INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31

(Millions of euros)	Notes	2011	2010
Revenue	19	7,952	7,439
Rendering of services to Group companies and associates		707	583
Rendering of services to non-group companies		3	4
Dividends from Group companies and associates		6,967	6,474
Interest income on loans to Group companies and associates		275	378
Impairment and gains (losses) on disposal of financial instruments	19	(1,082)	(1,985)
Impairment losses and other losses	8	(1,606)	(1,985)
Gains (losses) on disposal and other gains and losses		524	
Other operating income	19	157	103
Non-core and other current operating revenues Group companies and associates		140	91
Non-core and other current operating revenue non-group companies		17	12
Employee benefits expense	19	(244)	(193)
Wages, salaries and others		(213)	(165)
Social security costs		(31)	(28)
Other operating expenses		(399)	(687)
External services Group companies and associates	19	(94)	(85)
External services non-group companies	19	(296)	(592)
Taxes other than income tax		(9)	(10)
Depreciation and amortization	5, 6 and 7	(72)	(70)
Gains (losses) on disposal of fixed assets		1	(11)
OPERATING PROFIT		6,313	4,596
Finance revenue	19		