

TELESP CELLULAR HOLDING CO /ADR/

Form 6-K

March 31, 2004

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, 2004

Commission File Number 1-14493

TELESP CELULAR PARTICIPAÇÕES S.A.

(Exact name of registrant as specified in its charter)

Telesp Cellular Holding Company

(Translation of Registrant's name into English)

Av. Roque Petroni Jr., no.1464, 6th floor part, B building

04707-000 - São Paulo, SP

Federative Republic of Brazil

(Address of principal executive office)

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

Form 20-F Form 40-F

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

Yes No

*(Convenience Translation into English from the
Original Previously Issued in Portuguese)*

***Telesp Celular
Participações S.A.***

*Financial Statements for the Years
Ended December 31, 2003 and 2002 and
Independent Auditors Report*

Deloitte Touche Tohmatsu Auditores Independentes

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INDEPENDENT AUDITORS REPORT

To the Shareholders and Management of
Telesp Celular Participações S.A.
São Paulo - SP

1. We have audited the accompanying individual (Company) and consolidated balance sheets of Telesp Celular Participações S.A. and subsidiaries as of December 31, 2003 and 2002, and the related statements of operations, changes in shareholders' equity (Company), and changes in financial position for the years then ended, all expressed in Brazilian reais and prepared under the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements.
2. Our audits were conducted in accordance with auditing standards in Brazil and comprised: (a) planning of the work, taking into consideration the significance of the balances, volume of transactions, and the accounting and internal control systems of the Company and its subsidiaries, (b) checking, on a test basis, the evidence and records that support the amounts and accounting information disclosed, and (c) evaluating the significant accounting practices and estimates adopted by management, as well as the presentation of the financial statements taken as a whole.
3. In our opinion, the financial statements referred to in paragraph 1 present fairly, in all material respects, the individual and consolidated financial positions of Telesp Celular Participações S.A. and subsidiaries as of December 31, 2003 and 2002, and the results of their operations, the changes in shareholders' equity (Company), and the changes in their financial positions for the years then ended in conformity with Brazilian accounting practices.
4. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, February 11, 2004

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

José Domingos do Prado
Engagement Partner

(Tentative and preliminary. For discussion only.)

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LOSS BEFORE TAXES AND MINORITY INTEREST	(640,234)	(1,140,761)	(198,969)	(1,094,286)
Income and social contribution taxes	-	-	(277,945)	(46,475)
Minority interest	-	-	(257,749)	-
LOSS BEFORE REVERSAL OF INTEREST ON CAPITAL	(640,234)	(1,140,761)	(734,663)	(1,140,761)
Reversal of interest on capital	-	-	94,129	-
NET LOSS	(640,234)	(1,140,761)	(640,534)	(1,140,761)
LOSS PER THOUSAND SHARES - R\$	(0.5464)	(0.9735)		

(*) As of December 31, 2002, the balances related to Global Telecom S.A. and Tele Centro Oeste Celular Participações S.A. were not consolidated.

The Company's investment in GT is carried under the equity method. The Company acquired TCO in April 2003.

(**) Includes 12 months of GT's operations and 8 months of TCO's operations.

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

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	Consolidated	
	2003	2002
Unbilled amounts	204,302	111,206
Billed amounts	447,387	214,958
Interconnection	353,272	143,899
Products sold	343,354	204,415
Allowance for doubtful accounts	(135,841)	(120,135)
Total	1,212,474	554,343

Current	1,212,474	542,476
Noncurrent	-	11,867

As of December 31, 2002, noncurrent receivables refer to receivables from sales of Peg&Fale (take and talk) sets. These receivables are realized through card renewals by Peg&Fale service customers and are shown net of the allowance for doubtful accounts, calculated based on past card renewals.

Changes in the allowance for doubtful accounts were as follows:

	Consolidated	
	2003	2002
Beginning balance	120,135	103,642
Provision for doubtful accounts charged to selling expense	85,460	68,329
Inclusion of Global Telecom S.A.	-	10,302
Inclusion of Tele Centro Oeste Celular Participações S.A.	29,597	-
Write-offs	(99,351)	(62,138)
Ending balance	135,841	120,135

6. INVENTORIES

	Consolidated	
	2003	2002
Digital handsets	167,100	169,248
Other	19,184	2,442
Allowance for obsolescence	(28,988)	(24,020)
Total	157,296	147,670

7. DEFERRED AND RECOVERABLE TAXES

Company		Consolidated	
2003	2002	2003	2002

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	2003	2002	2003	2002
Loss before taxes	(640,234)	(1,140,761)	(198,669)	(1,094,286)
Income and social contribution tax credits at combined statutory rate	217,680	387,859	67,547	372,057
Effect of income and social contribution taxes on:				
Permanent additions				
Nondeductible expenses	(14)	-	(6,357)	(3,023)
Expired interest on capital	(461)	-	(2,531)	(1,829)
Equity pick-up	(148,247)	(217,673)	-	(302,840)
Permanent exclusions				
Equity pick-up	117,846	-	-	3,036
Other				
Unrecognized credits on tax losses at GT, TCP and TCO IP	(138,381)	(170,186)	(144,107)	(115,789)
Offset of tax loss carryforwards of unrecognized tax credits	-	-	1,520	-
Unrecognized income and social contribution taxes on temporary differences	(16,099)	-	(168,833)	-
Goodwill amortization	(32,324)	-	(32,324)	-
Other	-	-	7,140	1,913
Income and social contribution tax charges	-	-	(277,945)	(46,475)

27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONSOLIDATED)

a) Risk considerations

TCP is the controlling shareholder of TC, GT and TCO, the latter of which is the controlling shareholder of operators Telegoiás Celular S.A., Telemat Celular S.A., Telems Celular S.A., Teleron Celular S.A. and Teleacre Celular S.A. and holds 100% of Norte Brasil Telecom S.A. These operators provide cellular mobile services in the States of São Paulo, Paraná, Santa Catarina, Goiás, Tocantins, Mato Grosso, Mato Grosso do Sul, Acre, Rondônia, Amazonas, Roraima, Amapá, Pará and Maranhão, in accordance with the terms of concessions granted by the Federal Government. All these operators are also engaged in the purchase and sale of handsets through their own sales networks as well as distribution channels, thus fostering their essential activities. The major market risks to which TCP, TC, GT and TCO are exposed include

- **Credit risk:** arising from any difficulty in collecting telecommunication services provided to customers and revenues from the sale of handsets by the distribution network.
- **Interest rate risk:** resulting from debt and premiums on derivative instruments contracted at floating rates and involving the risk of interest expenses increasing as a result of an unfavorable upward trend in interest rates (primarily LIBOR, EURIBOR, TJLP and CDI).
- **Currency risk:** related to debt and premiums on derivative instruments contracted in foreign currency and associated with potential losses resulting from adverse exchange rate movements.

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	TCO Prev	PAMA (i)	PBS-TCO (ii)	PBS-A (ii)
Total actuarial liabilities	31,505	656	826	2,524
Fair value of assets	(25,225)	(291)	(2,660)	(3,153)
Adjustment for allowed deferral - unrecognized actuarial gains (losses)	(5,897)	(292)	1,446	440
Net liabilities (assets)	383	73	(388)	(189)

- (i) Refers to the Company's proportional participation in assets and liabilities of the multiemployer plans - PAMA and PBS-A.
(ii) Although PBS and PBS-A have a surplus as of December 31, 2003, no assets were recognized by the sponsor, since reimbursing such surplus is not allowed by law. Moreover, as this is a noncontributory plan, the sponsor's contributions cannot be reduced in the future.
b) Total expense recognized in the statement of income

	2003	
	TCO Prev	PAMA
Cost of current service	1,343	5
Interest	3,536	73
Total	4,879	78

c) Change in net actuarial liability

	2003	
	TCO Prev	PAMA
Net liability as of December 31, 2002	383	73
Actuarial (gains) losses for the year	(1,436)	189
Sponsor's contributions for the year	(1,355)	(1)
Expenses for the year	4,879	78
Net liability recognized in the balance sheet	2,471	339

d) Change in actuarial liability

	2003			
	TCO Prev	PAMA	PBS-TCO	PBS-A

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Total 2003	-	(99,933)
Total 2002	-	(46,031)

General and administrative expenses:

Portugal Telecom, SGPS, S.A.	-	(68,280)
PT SI	-	(289)
Primesys Soluções Empresariais S.A.	-	(32,767)
PTI Brasil	-	(3,496)
PTI	-	(1,595)
Total 2003	-	(106,427)
Total 2002	(97)	(56,424)

Financial income:

Portugal Telecom International Finance B.V.	18,412	174,315
Portugal Telecom, SGPS, S.A.	3,061	23,575
PTI Brasil	-	7,600
Global Telecom	117,359	-
Total 2003	138,832	205,490
Total 2002	3,465	596

2003

	Company	Consolidated
Financial expenses:		
Portugal Telecom International Finance B.V.	(166,341)	(258,064)
Portugal Telecom, SGPS, S.A.	(2,387)	(25,996)
PTI Brasil	-	(7,216)
PT Prime Tradecom	-	(26)
Total 2003	(168,728)	(291,302)
Total 2002	(884,063)	(1,528,800)

Recovery of joint venture apportionment expenses - Brasilcel:

CRT Celular	-	15,888
Tele Leste Celular and subsidiaries	-	7,488

