

14th October 2010

The Chairperson
Accounting Professional & Ethical Standards Board Limited
Level 7, 600 Bourke Street
MELBOURNE VIC 3000
AUSTRALIA

Dear Sir/Madam,

RE: Proposed Standard: APES 230 - Financial Advisory Services**Firm Background**

Our firm, Kothes Chartered Accountants, is a 7 Partner Chartered Accounting firm operating on the Far South Coast and Monaro region of NSW. Our main offices are in Bega, Merimbula, Eden and Bombala. We also attend our offices in Bermagui, Cooma and Jindabyne on a weekly basis all year. We have approximately 55 staff and have been operating for 64 years.

I have been the only authorised representative since 2001 after we decided to go "in-house" with our financial planning due to numerous failed attempts with external referral relationships. I am currently licensed with Bridges Financial Services.

I am responsible for our firms 350 self managed super funds and our financial planning division. We currently have approximately \$25 million in funds under management and I spent approximately 50% of my time in financial planning.

I am a member of the Institute of Chartered Accountants and I have and use the "Financial Planning Specialist" designation.

Opinion on Proposed Standard

My overall opinion of the proposed standard is fully supportive. My main reason for support is the elimination of any conflict of interest.

I have operated for the past 9 years charging clients an advisor service fee (ASF) using asset based percentages. I acknowledge that my first most thought has been the amount of funds the clients have available to invest and what our fee will be based on the ASF %. The greater the funds to invest the harder I worked to engage as a client. This should not be how a professional should operate.

Accountants are already familiar to completing time sheets and billing clients on an hourly rate. There is no reason why we as an Accounting profession cannot eliminate % based ASF's and move to hourly rates or fixed dollar fees, neither of which are based on the amount of funds under advice.

Offices located at:

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Our web site is <http://www.kothes.com.au>**Chartered
Accountants**Liability limited by a
scheme approved
under Professional
Standards Legislation

For the past 12 months I have charged all new clients a fixed dollar fee rather than % based. This has totally changed the way I look at clients and recommend investments for their consideration. I do acknowledge we are currently receiving a % ASF each quarter for clients who require little servicing. Conservative clients in term deposits or uninterested clients that don't want to regularly get together should not have to pay a % of their assets each year for advisors to do very little.

I must attend bi-annual professional development days with my dealer group, Bridges Financial Services. Regular discussions with other advisors (not Accountants) and with management tells me they are happy to keep things the same. They do not want to change. It's all about how to convert more clients onto their platforms, a win for the group and a win for the advisor, the outcome to the client is secondary.

Along with my fellow Partners in Tax and Audit our firm considers ourselves as "professionals" and are proud members of the Institute of Chartered Accountants. In my opinion the only way Accountants providing Financial Advisory Services can call themselves professionals is to totally move from asset based fees.

We are comfortable with the proposed start date 1 July 2011.

Professionals make the hard decisions in business. I believe if we lead the way as a group and adopt this proposed standard Accountants will become the premier financial advising group in the industry.

I hope my comments are helpful in the Board's review of the proposed standard.

Yours Faithfully,
KOTHES PTY LIMITED



Gary Skelton, CA – Financial Planning Specialist
Principal